

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Ptas 90; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Soviet ballerina in U.S. talks

U.S. and Soviet diplomats agreed on a compromise under which Soviet ballerina Lyudmila Vlasova would be interviewed in a mobile lounge at Kennedy Airport, New York, in the presence of both Soviet and American officials.

Israeli gunners break ceasefire

Israeli gunners broke South Lebanon's day-old ceasefire with a shell attack on suburbs of the port city of Tyre as a Lebanese envoy flew to Syria to begin a tour aimed at calling an Arab summit on Lebanon's continuing bloodshed.

Kidnap demand

An anonymous telephone caller told the Italian news agency ANSA that London businessman Rolf Schildt and two members of his family were abducted by a group called "the Red Guerrillas".

Mondale offer

U.S. Vice-President Walter Mondale offered China \$2bn (£895.5m) in financial aid over the next five years. He was addressing an audience of academics and students at Peking University in the first speech by a U.S. leader made direct to the Chinese people in more than 30 years.

Briton killed

British chemistry professor Wittek Poppe was shot dead in Kampala by three men, wearing military uniforms, who stole his car. At least 10 people have been killed in the Ugandan capital in the last four days and 42 cases of gunshot wounds were admitted to hospital over the weekend.

Convict shoot-out

Eighty-two convicts who had been holding three guards hostage inside Las Vegas City Jail since Saturday, gave themselves up after two leaders shot each other dead. Their demands ranged from hot water in prison showers to cell radios.

Homeward bound

All 253 UK passengers rescued from the grounded Danish ferry Winston Churchill were due to fly home from Sweden last night as efforts continued to free the ferry from the rocks 10 miles from Gothenburg.

Briefly...

Cuba pardoned 400 political prisoners on the eve of the 28th anniversary of the non-aligned movement in Havana. Irish church leaders flew to Rome for talks on the Pope's itinerary for his visit to the Republic next month. Madrid police arrested 28 people accused of smuggling drugs into a city jail in tennis ball, chickens and omelets.

BUSINESS

Pound up 1 cent; Yen weaker

MANY EUROPEAN currencies strengthened fractionally against the dollar, in spite of the very low level of trading in currency markets. STERLING gained more than most against the dollar and was quoted in late afternoon in New York at \$2.2455, up by more than 1 cent on Friday's close of \$2.2335.

WALL STREET was 7.09

up 857.29 just before the close. U.S. has given qualified support to plans to increase the role of the IMF's special drawing rights in world currency.

FIFTY-FIVE Lloyd's

underwriting syndicates are claiming \$10m from Federal Leasing of the U.S., a computer leasing concern which is suing the underwriters for \$62.8m over disputed computer leasing insurance.

FT GROCERY INDEX

fell for the second month running, declining 0.52 to 114.16 in August. A sharp fall in the cost of fresh fruit and vegetables led to the index's fall. Page 4

FRENCH consumer prices

rose by 1.3 per cent last month, the biggest monthly increase for well over a year, bringing the rate of inflation for the last 12 months up to 10.3 per cent. Page 2

WEST GERMAN trade surplus

fell sharply in June to DM 600m (£147.4m) from DM 1.7bn in June this year and July 1978. The current account deficit in July totalled DM 2bn against DM 3.5bn in June and DM 2bn in July last year. Back Page

CABINET'S economic strategy

committee will decide within the next month the time and scale of the Government's shareholding in BP. Back Page

NCE is to equip 24 pits

with microprocessor control systems which will control mine production from the surface. The cost of the systems is expected to be about £10m. Page 4

COURTAULDS, the UK textile group,

plans a major relaunch of its Courtauld acrylic fibre in the autumn in a bid to increase sales to the carpet, garment and knitwear industry. Back Page

LABOUR

HOOPER plans to cut its workforce at its Merthyr Tydfil plant by between 700 and 1,200 jobs. The cuts are to be discussed at a meeting of unions and management tomorrow. Page 4

CIVIL SERVICE Department

Ministers, at the centre of the Government staff cost review, have approved the range of options for scaling down the department's own manpower expenditure by between ten per cent and 20 per cent by 1982. Page 4

COMPANIES

DOWTY group must seek further acquisitions, particularly in the U.S., in order to remain competitive, chairman Sir Robert Hunt told shareholders in his annual report. Page 12

SIME DARBY HOLDINGS

year's pre-tax profits to the end of June rose by 23.5 per cent to nearly £521m (£45.94m) on turnover 6.5 per cent up at £31,815m. Page 13

TOYOTA Motor Company

of Japan announced a 12.2 per cent fall in net profit for the year ended in June to ¥102,058bn (£210bn) on a sales rise of 7.1 per cent. Page 13

IRA CLAIMS RESPONSIBILITY AFTER THREE DIE IN BOAT BLAST

Lord Mountbatten killed

BY STEWART DALBY IN BELFAST AND ROGER BOYES IN DUBLIN

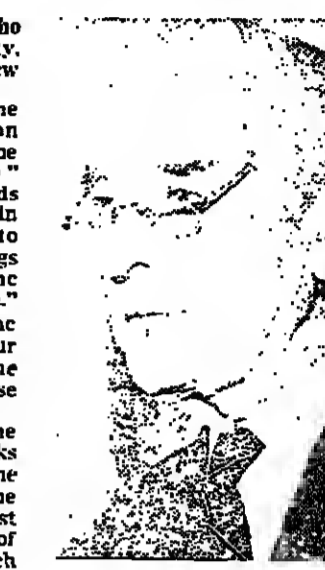
THE PROVISIONAL IRA last night claimed responsibility for the murder of Earl Mountbatten of Burma, who died just before midnight when his holiday boat exploded a mile off the coast of Co. Sligo in the west of Ireland.

The explosion, which an eye witness said ripped the boat to shreds, also killed Nicholas Knatchbull, Lord Mountbatten's 14-year-old grandson, and 15-year-old Paul Maxwell, a boat boy from Enniskillen.

It is with profound shock and regret that the Government learned of the explosion. I wish in tender to those bereaved and injured our most sincere sympathy.

Lord Mountbatten is a former Chief of Defence Staff, Viceroy of India and Supreme Allied Commander, South-East Asia during the Second World War. He had been taking his holidays in Classy Bawn for over 30 years.

British Ambassador, who travels with massive security, and his military attaché flew to Sligo yesterday.



Lord Mountbatten

Normally the Provisionals make their claims through unlicensed telexes to Dublin newspapers. Yesterday, however, the news came in the form of a telex to Belfast newspapers and hotels.

West Germany may not meet oil saving target

BY JONATHAN CARR IN BONN

COUNT OTTO LAMSDORFF, West German Economics Minister, has dropped a broad hint that his country will not be able to meet the oil savings target for this year set by the International Energy Agency countries.

development in the participating countries. West Germany, Count Lamsdorff noted, would probably have a 4 per cent economic growth of 4 per cent this year, a high level demanded by other states at the Bonn Economic Summit in July last year.

limit imposed in most partner countries. Although some new energy-saving proposals have recently been announced here, Social Democrats feel that more widely ranging action will be needed if Bonn is to be seen as observing the spirit of its international pledges.

Shock and outrage in London

BY RICHARD EVANS, LOBBY EDITOR

THERE WERE universal reactions of shock and outrage in London to the death of Earl Mountbatten as politicians began to assess the possible effects on security, and the Northern Ireland situation and on Anglo-Irish relations.

produce a revision of world opinion, particularly among Irish-Americans, against the tactics of the IRA and other Irish terrorist groups.

Mr. Lynch was invited to London to ensure fuller Irish cooperation. The Prime Minister said in a statement from Chequers that Lord Mountbatten was a legend in his lifetime and his death left a gap that could never be filled.

U.S. backs Khomeini regime

BY ANDREW WHITLEY

THE U.S. appears to have undertaken a big shift in its policy towards the Islamic Republic of Iran, throwing its full weight behind the survival of the Khomeini regime when it is encountering its most serious resistance.

The Soviet Union is evidently showing increasing interest in Iran's western provinces. Diplomatic sources in Tehran say that Soviet aircraft are flying over Iran by night.

Among the tasks that Mehdi Bazargan, the Prime Minister, and the Revolutionary Council are seeking to deal with is to crush armed opposition from the 3m Kurdish minority.

Shortlist for economic adviser

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT has decided to look outside Whitehall for a new chief economic adviser. The shortlist includes some of the UK's leading monetary economists.

for Economic Forecasting, and Mr. John Flemming of Nuffield College Oxford. Mr. Burns is one of the most active participants in the public debate about economic policy in the UK while Mr. Flemming is one of Britain's most respected younger academic economists.

than, that of outsiders. However, some close observers of the Treasury, including some previous Labour Ministers, have argued that the work of its economic side has lacked coherence and direction. It has been suggested that the forecasting model of the economy is too big and too complicated for anyone to produce clear advice.

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Kurdish bid to end fighting

TEHERAN—A group of Iran's embattled Kurds appealed directly to Ayatollah Ruhollah Khomeini yesterday in a move aimed at ending the fighting in the western border region.

In a letter to the Ayatollah, Iran's unofficial head of state, the Islamic Revolutionary Council, the Kurdish capital of Mahabad, claimed he was being misinformed about the situation in the Kurdish areas.

The Teheran Press published the letter as the Council's leader came to Teheran to try to end the fighting which has raged between Government forces and Kurdish guerrillas for the past ten days.

In Mahabad, a spokesman of the banned Kurdish Democratic Party (KDP), which is leading the Kurds' resistance move-

ment, said they approved the Council's initiative.

In the foothills below the mountain stronghold of Mahabad, a column of Government forces yesterday remained poised to launch a drive to recapture the rebel capital, the KDP spokesman said. The troops were apparently waiting for reinforcements, he added.

Abdul Rahman Abassi, the Mahabad Council's head, stressing that the Kurds were "inspired by Khomeini's leadership," asked the Ayatollah to heed "invented" reports about the Kurds put out by those who wanted to divide the nation.

Kurdish elements in Teheran said Mr. Abassi had arrived in the capital in an attempt to

negotiate a peace, but there has been no word so far from the Government on the possibility of negotiations.

The KDP in Mahabad said yesterday that Kurdish guerrillas were holding on to their defensive positions along the mountain passes barring the road from the north to the town.

The party had received reports indicating the army was moving towards Mahabad from the recently captured town of Saqqez to the south-east, and that Government forces were also massing at Miandoab in the north-east.

More than 1,000 Kurds have been arrested in Saqqez since Islamic Revolutionary guards and troops entered the town at

the weekend, according to the spokesman. Many of the town's inhabitants had fled to the surrounding hills, he added.

The State radio broadcast an ultimatum issued by the 28th infantry division which captured Saqqez, giving the people of the area an ultimatum to hand in their weapons. Those who disobeyed would be severely punished, it added.

AP adds: The new Revolutionary Government of Iran has agreed to allow Condotte d'Acqua, an Italian company, to resume construction of the large port at Bandar Abbas on the Gulf. An official at the company, which is the main contractor for the port facilities, said Iran had only cut planned spending on the project by about 15 per cent to £450m.

Guerrillas claim 800 Moroccan casualties

POISARIO GUERRILLAS fighting for independence in the former Spanish Sahara claimed yesterday that they had killed nearly 800 Moroccans last week in an attack on the desert outpost of Lebuoirate in southern Morocco, news agencies report. The Moroccan Government confirmed that the guerrillas surprised the garrison, forcing them to abandon the poste for a day. But a Government communiqué said the guerrillas were driven out by a counter-attack.

The guerrillas also claimed to have captured about 60 trucks, 40 Land Rovers, 105 tons of munitions, 370 rifles, 100 pistols and a dozen cannons. They did not reveal their own losses. It was the third attack on Lebuoirate in the past six weeks.

Yesterday Morocco was preparing a major inquiry into how its troops were routed by the guerrillas.

Mondale announces \$2bn U.S. credit for China

BY JOHN HOFFMANN IN PEKING

A STRONG, secure and modernising China would be in the U.S. interest in the coming decade, Mr. Walter Mondale, the American Vice-President, said yesterday.

He was speaking at Peking University to Chinese academics and students. It was the first speech by a U.S. leader to the Chinese people for the past 30 years and was broadcast throughout the country on radio and television. He indicated that the U.S. was firmly committed "to joining you to advance our many parallel strategic and bilateral interests."

In a strong statement of America's attitude towards Asia, the Vice-President told the audience: "Any nation which seeks to weaken or isolate you in world affairs assumes a stance counter to American interests."

"That is why the U.S. normalised relations with your country and that is why we must work to broaden and strengthen our new friendship."

China's modernisation was also in America's economic interest, Mr. Mondale said. He announced that the U.S. was prepared to establish export

import bank credit arrangements for China up to a total of \$2bn (£200m) over five years. "If the pace of development warrants it, we are prepared to consider additional credit arrangements," he added.

The Carter Administration would also seek this year Congressional authority to encourage American business investment in China by providing guarantees and insurance.

Textile, maritime and civil aviation agreements would be considered in the shortest possible time and would sign an agreement during his visit confirming that American Government agencies were ready to help to develop China's hydroelectric power industry.

Mr. Mondale reassured the Chinese that the Sino-American trade agreements outlined earlier this year would be submitted to Congress for approval before the end of the year.

It had been reported that China was uneasy about the delay in ratification of the agreement which would extend its "most-favoured nation" status to it.

The Vice-President emphasised the strategic importance

of the Sino-American relationship.

"Above all, both our political interests are served by your growing strength in all fields for it helps deter others who might seek to impose themselves on you," he said.

"Today the unprecedented and friendly relations among China, Japan and the United States bring international stability to north-east Asia."

In a sense, we are testing whether a developed nation and a developing nation, each with different traditions, each with different systems, can build a broad, enduring, constructive relationship.

"Certainly there will be serious barriers to overcome. But if we can work together, future generations will thank us. We talk not only for our children, but for the entire world. We feel the consequences."

Reuter adds from Peking: Mr. Mondale yesterday began formal talks with senior Chinese Vice-Premier Deng Xiaoping, Kang Keqiang and the Chinese Foreign Minister Qiao Qubai. The talks were expected to focus prominently on their discussions.

Rotterdam tug strike spreads

By Charles Batchelor in Amsterdam

A STRIKE of tugboat crews in the port of Rotterdam began to spread yesterday threatening to bring the entire port to a standstill.

Workers at several cargo-handling companies stopped work in protest at a court order for the tugmen to go back to work and a union spokesman said the entire port workforce of 12,000 might soon be affected.

The 16 striking tugmen named in the court order agreed to return to work, but nearly 500 fellow-strikers said they would continue their stoppage and prevent the 16 from working.

The tugboat company affected, Smit Internationale, said it is now preparing an application for a court order naming each of the several hundred strikers individually in an attempt to get them to go back to work.

The port authorities reported that 13 vessels were waiting in the harbour approaches compared with the 14 listed on Friday, but this number is expected to rise by five or six a day this week.

A Rotterdam court judge yesterday ordered the 16 men named in the tugboat company's injunction to return to work immediately or face a fine of £1500 (£112) a shift. The judge said the men's demand for a £150 (£11) a week pay rise could not be justified.

Meanwhile, the employers in the meat processing sector, where the current bout of labour unrest started, have agreed in full to the unions' demands.

Iran urges regular oil price-fix

BY OUR FOREIGN STAFF

IRAN is urging the Organisation of Petroleum Exporting Countries to adopt a formula to adjust oil prices automatically at least every three months, the Middle East Economic Survey said.

The journal quoted Mr. Mohammed Ali Movahed, adviser to the chairman of the National Iranian Oil Company, as saying that Iran would insist on such a formula at the next OPEC conference.

"In this way the consumers will know in advance what the prices are likely to be and there will be no need to take up Ministerial time in conferences," Mr. Movahed said.

The formula would have to cover inflation and currency fluctuations. Iran's present oil production ceiling of about 4m barrels a day would continue for a while because it was adequate to meet the Government's financial requirements.

Iran was dissatisfied with the price of Iranian gas exported to the Soviet Union and with world gas prices generally.

Iran, he said, would not export any more gas until it became economic to do so.

The survey said that Iran had raised its contract prices for all grades of crude oil by 21 cents a barrel from August 15 in lieu of reducing credit terms from 60 days to 30 days, as most OPEC members had done recently. Iranian light crude now costs \$22.21 a barrel and heavy crude \$20.11.

Over the weekend it was reported that Iran had cut oil exports by 400,000 barrels a day because of bad weather in the

Gulf, but those were expected to return to normal as soon as the weather improved.

The Governor-General of Khuzestan oilfields, Rear-Admiral Ahmad Madani, was, however, quoted as saying last week that the drop in output

Mr. Youssef Khoshkish, 73, the former governor of the Iran Central Bank, went on trial at the weekend accused of being a "corrupt of the earth," a Kuranic charge which can carry the death sentence. Reuter reports from Tehran. The official Pars news agency said Mr. Khoshkish, who resigned three weeks before the February revolution after about a year in office, was being tried by a revolutionary tribunal in the top security jail at Evin, outside Tehran.

The prosecutor read out a long list of charges against Mr. Khoshkish, ranging from being a freemason to reinforcing the Shah's Savak secret police and arranging the transfer of capital out of Iran.

had been caused by a dispute between left-wing and right-wing workers.

During a meeting between a Soviet energy delegation and Hassan Nazih, chief of the National Iranian Oil Company, Russia offer to cooperate with Iran in the oil sector and Nazih was invited to visit Soviet oil installations. At the same time it was announced that

Iran would buy \$47m (£21.1m) of kerosene and fuel oil from the U.S.

Sheikh Nazih said it was not a reflection on Iran's capacity to refine oil but was prompted by the production decline during the revolution, and was purely a precautionary measure.

The charred hull of the oil tanker Cherry Duke was dangerously near an underwater pipeline on Sunday. The 25,000-ton Singapore-registered tanker exploded while on its way for loading at Jebel Dannah Terminal, on Abu Dhabi's Das Island in the Gulf.

Another tanker, the Liberian-registered Botana, was registered yesterday to be on fire off the coast of Dubai. Sabotage was ruled out and authorities said there was no fear of a major explosion.

A fire which broke out at an oil pumping station at Ras Tsura, in Saudi Arabia, following the explosion of two storage tanks has been extinguished, a spokesman of the Arabian-American Oil Company (Aramco) said. The accident had occurred during a routine filling operation.

The Tulsa, Oklahoma, Oil and Gas Journal reports that despite political turmoil, world production of crude oil set a record during the first six months of 1979. The journal, highly respected in the oil industry, said, however: "There is no assurance the brisk pace can be maintained for the rest of the year." Because of this, prices would continue to rise unless consumption dropped drastically.

French prices rise 1.3 per cent

French consumer prices slipped up by 1.3 per cent last month, the biggest monthly increase for more than a year, writes David White in Paris. The rise, announced by INSEE, the official statistics body, brings the inflation rate for the last 12 months up to 10.3 per cent. The annual rate calculated on the basis of the last three months is 13.5 per cent.

Zaire gets IMF loan

Zaire president Mobutu said negotiations with the International Monetary Fund (IMF) for a loan have been completed, writes Reuter in Paris. He said Zaire had initiated a standby credit agreement with the IMF for \$150m (£67.5m) and Finance Minister Bofossa added that this would be followed by \$350m to \$450m from Western countries.

Zaire has devalued its currency, the Zaire, by 25 per cent from yesterday according to Western banking sources in Kinshasa. The devaluation is the fifth in less than a year and is in accordance with recent negotiations between Zaire and the IMF.

Turkey warns extremists

General Kenan Evren, Chief of Turkey's General Staff, warned feuding political extremists to end their ideological warfare that had cost more than 2,250 lives since 1975, writes AP-DJ in Ankara.

The armed forces, he said, were "capable of wiping all of them out." Gen. Evren, in a message to the country's 500,000-strong armed forces to mark the anniversary of the start of a decisive assault against invading Greek forces hinted that the armed forces rank-and-file were getting impatient with the relentless bloodshed that had spread to the remotest parts of Turkey.

Bosphorus tunnel study

THE UNITED STATES Agency for International Development (AID) is to finance a pre-feasibility study on the construction of a railway tunnel under the Bosphorus between the Asian and European sides of Istanbul, writes Merin Munir in Ankara.

An agreement between the AID and Turkey is expected to be signed in the next few days, according to a spokesman of the American Embassy.

Ford Canada strike threat

Workers at Ford Motor Company of Canada plants here and in Windsor and Tarkoville, voted in favour of strike action if a new agreement is not reached by September 14, the United Auto Workers Union said, Reuter reports from Oakville.

Flying Tiger strike

All operations of Flying Tiger Airline, the world's largest air cargo carrier, are at a standstill after a strike by 2,000 freight handlers, cargo agents and mechanics, writes AP-DJ in New York.

U.S. homes hoard oil

Suspected stockpiling of 1bn gallons of heating oil by U.S. industry and private homes could mean the nation will escape a feared shortage this winter and even face a glut, a Wisconsin Congressman said, reports AP-DJ in Washington.

Representative Les Aspin (Democrat, Wisconsin) said a study he conducted suggests that American homes and businesses bought 1bn gallons more fuel last winter than was needed.

Taiwan prices policy

Economic Planning and Development Council Chairman Yu Kuo-Hua has said that Taiwan's Government still adheres to the policy of price stabilisation, according to an economic official, writes AP-DJ in Taipei.

He said the policy is intended to cut down the impact of the U.S. recession. The U.S. is Taiwan's largest trading partner.

At a recent Cabinet meeting, Yu also governor of Taiwan's central bank, reported that trade in July continued to grow, while exports in the same month were a record worth \$1.51bn.

Israeli gunners 'break ceasefire'

BEIRUT — Israeli gunners broke South Lebanon's day-old ceasefire yesterday, with a shell attack on suburbs of the port city of Tyre, Beirut's State-run radio said. UN officials attempted to end the new outbreak of hostilities, Reuter reports from Beirut.

The shelling came as Mr. René Morwad, an envoy of President Elias Sarkis of Lebanon, flew to Syria to begin a tour aimed at calling an Arab summit on Lebanon's continuing bloodshed.

Beirut Radio said rightist militiamen joined Israel yesterday's shelling, but gave no indication of casualties or damage. It also reported a minor exchange of rocket fire between rightists and Palestinians.

David Lennon writes from Tel Aviv: The Israeli Cabinet

meets today, to review its policy of unremitting military attacks against Palestinian guerrilla targets in South Lebanon.

The decision to hold the special Cabinet session was taken during a regular cabinet meeting. Mr. Moshe Dayan, Foreign Minister, proposed the session in the light of foreign criticism of Israel's actions.

In April this year, Israel altered its policy from one of retaliation for Palestinian attacks on Israel to a policy of hitting guerrilla bases.

Mr. Dayan is reported to have told the Cabinet that Israel should review the effectiveness of the preventive strike policy. Israel should evaluate the damage which the guerrillas are sustaining, he added.

The key to these second thoughts appears to be the damage being done to Israel's image abroad by the civilian casualties of the Israeli attacks. These deaths have caused much worry within Israel.

AP adds: President Hafiz Assad of Syria conferred in Damascus yesterday with Herr Gerhard Schröder, West German Foreign Minister, who is exploring chances for the Syrian Government to contribute to Middle East peace.

The meeting was attended by Mr. Abdul Halim Khaddam, Syrian Foreign Minister, who held talks with Herr Genscher earlier in the day. The German Foreign Minister is due to proceed to Lebanon this morning for talks with Mr. Fuad Birru, Lebanese Foreign Minister.

U.S. grants car emission relief

BY JOHN WYLES IN NEW YORK

CHRYSLER and American Motors are among five automobile manufacturers which have won relief from U.S. federal government standards governing carbon monoxide emissions.

BL won exemption for two engines, a V12 unit installed in its Jaguar XJ 12 and XJ 5 and a V8 for its Rover 3500; to he sold here shortly and for the new TR8 to be unveiled later this year.

By allowing the manufacturers a two-year delay in meeting regulations affecting some 1981 model engines, the Environmental Protection

Agency is extending some use-ful aid to the U.S.'s two weakest American Motors.

Car industry representatives believe that if the decision heralds a willingness in Washington to take into account the impact of government regulations on the weaker companies, then further and more important relief from the laws on fuel economy and emissions may be attainable.

Chrysler, in fact, is disappointed because it covers only three of its family of eight

engines. However, the three engines represent just under half of the units the company is producing in the 1981 and 1982 model years, and the company will now be spared some development costs that would otherwise have been unavoidable.

Specifically, the exemptions will allow the manufacturers to continue selling engines that emit seven grams of carbon monoxide per mile, that standard that goes into effect for 1980 model engines—rather than the 3.4 grams of carbon monoxide originally scheduled.

BP suspends long-term oil supplies for Japan

BY RICHARD HANSON IN TOKYO

BRITISH PETROLEUM has informed its customers in Japan that it will suspend all supplies under long-term oil contracts under long-term oil contracts from September 1 because of shortages caused by Nigeria's takeover of BP properties.

The decision to suspend supplies to third party customers was expected and follows successive reductions since the beginning of the year as a result of the crisis in Iran.

BP has long-term contracts to supply about 400,000 barrels of crude a day, but this was cut by 65 per cent for the April-June quarter, by 65 per cent in July, and by 78 per cent this month after the July takeover by Nigeria.

Before the Iranian disruption

BP supplied about 8 per cent of Japan's crude imports.

The cutback by BP throughout the world to third party customers comes at a time when the Japanese Government has been emphasising some improvement in short-term oil imports.

During the first four months of the fiscal year which started in April imports are running at about 9.1 per cent ahead of last year, slightly below the Government's planned 9.8 per cent increase.

Officials are much less willing to speculate what will happen from September, however, as Japan enters a period of rising demand.

Mrs. Gandhi faces new threat

By K. K. Sharma in New Delhi

THE CHARAN SINGH Government's decision not to disband the special courts now trying Mrs. Indira Gandhi and her supporters on various charges arising out of her emergency rule, could threaten the former Prime Minister's political future.

If the courts act fast enough and the prosecution successfully proves even one of the cases against Mrs. Gandhi, she will not be able to stand for election to the Lok Sabha (Lower House) when polling is held in mid-December.

Under Indian election law, no person convicted of a criminal offence, no matter how minor, can contest elections for any legislature.

There are still more than three months to go before the elections are held. The special courts were set up by the Janata Government to try Mrs. Gandhi and those accused of emergency "excesses" speedily so that the normal delays in the Indian judicial system are bypassed.

The first verdict could come in the next seven or eight weeks. If it goes against Mrs. Gandhi, it could have a far-reaching impact on Indian politics. Mrs. Gandhi again dominates the political scene, but if she is eliminated, there is little future for her faction: the sole reason for her existence is to make her Prime Minister again.

Libya has suddenly cut off contracted supplies of crude oil to India without giving any reason. Observers believe Col. Gaddafi has done so for political considerations, but so far they have not been able to find out why. India has consistently supported the Arabs' cause.

The cutting off of supplies has seriously affected India's crude import plans. Under a current contract, India's next year's supply of 2.3m tonnes of crude to India of which 1m was to be delivered this year, has been under threat. So far only 300,000 tonnes have arrived.

Smith's Party 'regrets' Rhodesian name change

SALISBURY—Mr. Ian Smith's Rhodesian Front has expressed regret at the Zimbabwe Rhodesia cabinet decision to drop "Rhodesia" from the country's name but said it was "inevitable anyway."

Mr. John Landan, the Rhodesian Front chief whip in Parliament, said the necessary Bill to change the country's name to Zimbabwe would go through without difficulty.

According to Bishop Muzorewa, the Prime Minister, the legislation is already being drawn up and the Bill may come before Parliament this week.

The announcement, which was made at an amnest meeting attended by some 500 hacks and addressed by Bishop Muzorewa at Fort Victoria on Saturday, was loudly cheered.

In a separate development Combined Operations Headquarters here announced that Patriotic Front guerrillas appeared to be stepping up their efforts to intimidate black civilians. The communiqué said guerrillas had indiscriminately opened fire on black civilians in two incidents killing 15 people.

It was the third "massacre" reported by security forces within four days.

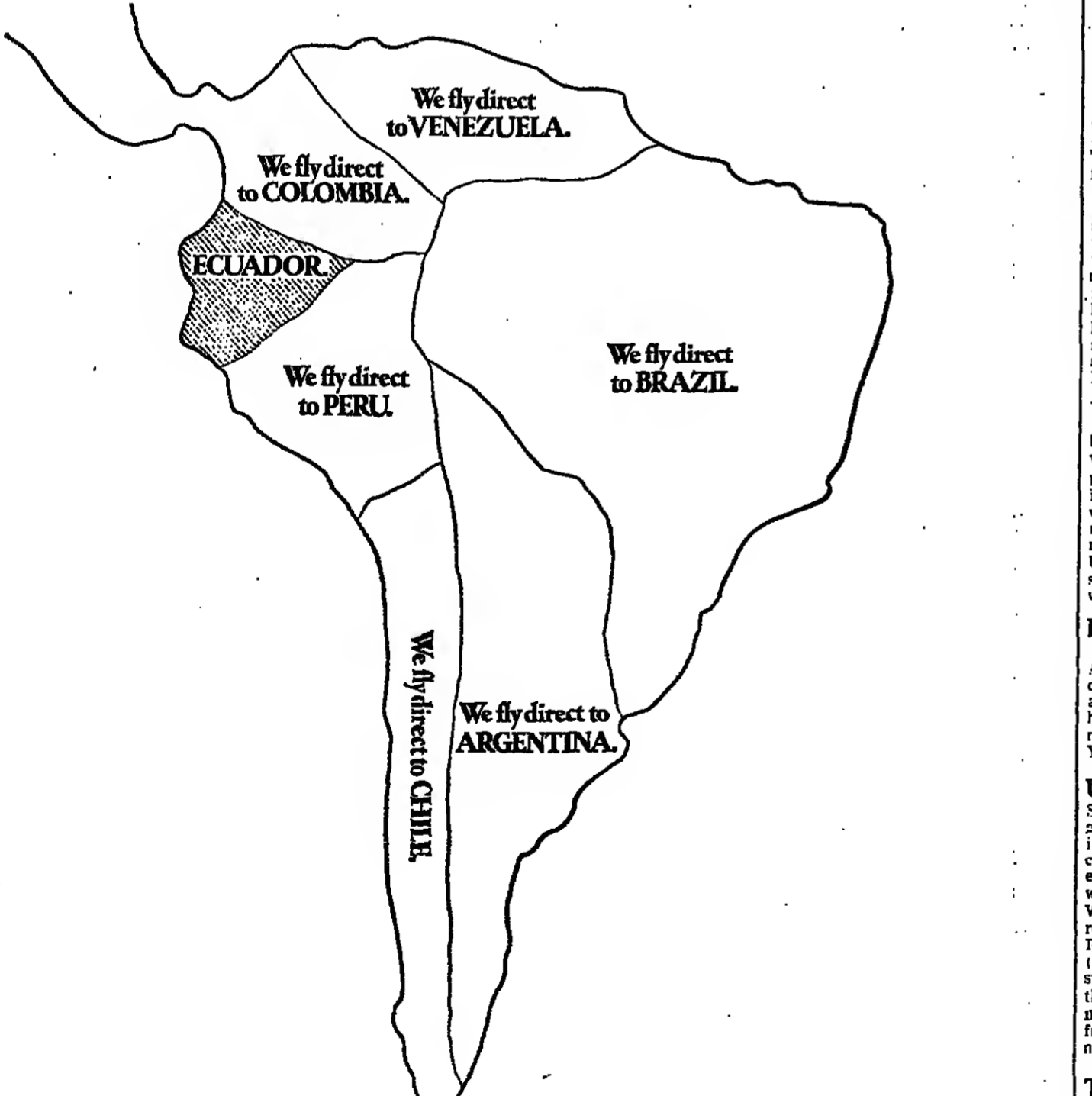
Mr. Robert Mugabe, co-leader of the guerrilla force, the Patriotic Front of Zimbabwe, said in Belgrade at the weekend he hoped his group would receive more aid from members of the aid of non-aligned nations.

Mr. Mugabe said such help could come at the non-aligned summit meeting convening this week in Havana.

Mr. Mugabe reiterated his rejection of a British proposal for new elections in Zimbabwe, and said: "We are the decolonising factor in Zimbabwe which the British plan ignores."

He said total British disavowal of the current Zimbabwean regime of Bishop Muzorewa was necessary before the problem could be solved.

Meanwhile, the other Patriotic Front leader, Mr. Joshua Nkomo, is believed to have arrived quietly in Britain at the weekend—two weeks before the start in London of the constitutional conference on Zimbabwe Rhodesia.



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Oman may go ahead with major industrial projects

By James Buxton

OMAN IS to increase Government spending and is considering implementing two big industrial projects as a result of this year's oil price rise and new discoveries of oil.

The planning of a small oil refinery to be built near Muscat, the capital, will be completed by the end of 1979, according to the Ministry of Petroleum and Minerals. It would have a capacity of 25,000 b/d and would be designed to meet local consumption.

The Government has also commissioned a feasibility study for an iron and steel complex from Dastur Engineering International of Düsseldorf, West Germany. It would initially be a re-rolling mill with a capacity

of 120,000 tons a year, but a study of a direct reduction steel plant will also be made.

The Government is to increase its development spending by 7.5 per cent next year, while its recurrent spending will rise by 5 per cent, the budget director says. The Government has already raised Government employees' pay by 10 per cent this year and is thinking of paying them increased allowances.

Until earlier this year Oman was trying to impose curbs on spending in order to reduce the budget deficit, estimated this year at RO 108m (£139m) against total spending of RO 760m.

But the State's cash flow has been greatly improved by the 40 per cent increase in the price of its oil imposed in the course of this year and this has enhanced the commercial viability of a number of recent small oil discoveries.

Though Oman's modest oil output of about 300,000 b/d is 5 per cent down on last year, the decline should now be arrested and the sole oil producer, Petroleum Development Oman, which is managed by Shell, expects to be producing 350,000 b/d from 1981 until at least 1983-84.

In addition Elf-Aquitaine expects to be producing 12,000 b/d from a new field by the end of next year.

IMF team in Kampala for talks

By John Werrall in Nairobi

THE FINANCING of Uganda's urgent import needs is one of the top priorities being considered by an International Monetary Fund delegation which has arrived in Kampala.

According to the Commonwealth Secretariat's economic report Uganda needs some \$300m in hard currency over the next six months to finance essential imports, including consumer goods, petroleum products, agricultural and manufacturing inputs, transport equipment and spare parts, water, sewerage, telecommunications and housing.

The delegation has had talks with the Minister of Finance, Mr. Jack Senteo, the Governor of the Bank of Uganda and other ministers and officials.

The IMF delegation is studying Uganda's economic management policies before agreeing to release special credits on this scale.

POLISH TRADE

Need for new export strategy

By Christopher Bobinski in Warsaw

DESPITE the improvement in the first half of this year Poland's hard currency export performance is running behind plan targets. This adds all the more urgency to the debate on the country's trading future which will heat up as the next party Congress, due to meet early next year, grows nearer.

The Congress, the eighth since the war, will not only be looking at the economic successes and failures of the years since the last Congress in 1975 but will also approve decisions determining policies for the next decade and beyond.

The economic strategy initiated in 1970 foresaw industrial modernisation and growth financed by foreign credit followed by a period of slower growth accompanied by debt repayments from exports of the newly built plants.

By the end of 1978 Poland's hard currency debt had reached \$15bn and it is becoming increasingly clear that exports are not reaching the levels that planners had earlier envisaged.

Poland's current plan envisages a 9 per cent growth in overall trade, trade with Comecon countries achieving a slightly larger increase than trade with hard currency areas.

Indeed in a recent article in a party journal Mr. J. Olszewski, the Foreign Trade Minister, admitted as much. Export growth, he wrote, was inadequate not only in relation to Poland's balance of payments needs but also to the country's industrial potential. Despite the investments of recent years "our economy has not yet developed any clear export features" and the 15 per cent share of industrial production which was exported in 1978 "was not much higher than at the beginning of the 1970s," he said.

According to the Minister the recession in the West and protectionist barriers are only partly to blame for this situation. Other factors include

sub-standard production quality, late delivery of goods, a lack of spare parts and after-sales service and simply a shortage of goods for export due to the high level of domestic demand.

In the article, which partly aims at deflecting any blame which might be coming the Ministry's way for the below plan performance in exports on to industry and away from the salesmen, the Minister also explained that investments are taking too long to come on stream and shortages of raw materials and equipment are holding back export production.

But the debate is also concerned with the problem of which areas investment should be directed at to maximise export earnings in the 1980's. So far there seems to be agreement that money should be spent on those areas which have benefited most so far and on opening up new export "specialities".

One of the favourites for future investment is the electrical engineering industry—a wide category which ranges

from minicomputers to ships through cars and mobile cranes. The industry received the largest injection of foreign capital in the 1970s and its share in Poland's exports has risen from 41.7 per cent in 1970 to 47 per cent by last year.

The sections which are being mentioned as good prospects include ships and car sales to Comecon, construction machinery, some machine tools and tractors.

But whichever sector is chosen there are also warnings that the decisions should be less hasty than those taken in the 1970's and that more attention should be paid to future marketing prospects for any goods which may eventually be produced.

There is also a common call for reforms in the management of foreign trade and for increased incentives for producers of export goods.

Mr. Alexander Jung, the head of Metalexport, Poland's machine tool exporting company, writing in the "foreign

trade" monthly broadens the debate. He argues for a decentralised state sales network with the foreign trading organisations being given the powers to initiate production of goods which they know they can then sell abroad.

He also warns that any attempt at substantially reducing Poland's external debt will lead to a slowdown in growth—a drop in real incomes and also a return to autarkic policies. And he draws attention to the consequences of the fact that Poland is destined to trade with the world outside as well as inside Comecon in the foreseeable future.

The system of domestic prices and exchange rates would have to be changed so that they reflect real values, so that decision makers have an indication of what does and does not pay. Competition on the world market might also lead to the closure of some sections of industry and Mr. Jung gives some sectors of the textile industry as an example. He stresses that "uneconomic production cannot be effectively upheld" despite subsidies.

Policies towards the EEC, the North South Dialogue as well as IMF and World Bank membership should be re-examined within the framework of Comecon, as should the lack of progress towards multilateral payments among the Comecon countries.

But despite his arguments for giving a freer hand to Poland's exporters Mr. Jung does not exclude the possibility that the country's economic situation may lead to a growth of centralisation throughout the economy. But, he asks, "how long can such a system be effective in conditions where the economy is dependent to a large extent on foreign trade and that means the outside world" and he warns that such methods could bring "social tensions and a lowering of the general efficiency of the economy."

UK to buy ships from Rio yards

By our Foreign Staff

THE COMPANHIA Commercial de Navegacao Maua shipyards in Rio de Janeiro has signed a \$62.2m (£27m) contract for the export of three 28,500 dwt cargo vessels to the UK.

The vessels are for the Lyle Motorship Company, and H. Hogarth and Sons of Scotland. The first ship is to be handed over in September, since they were originally being built for the Brazilian domestic market, destined for three subsidiaries of Lloyd Brasileiro in the states of Minas Gerais, Ceara and Sergipe, and are thus in a state of semi-completion already.

Meanwhile, the Brazilian merchant marine superintendent, Sunaman, has announced that, in 1980 Cr13.8bn (\$517m) is to be allocated to shipbuilding incentives.

This is a 41 per cent increase on the 1979 budget. Brazil is rapidly building up its domestic fleet and moving on to the vessel export market, in order to reverse its longstanding tradition of vessel imports and charters.

The Brazilian State Electricity company Electrobras has signed two contracts with the Bank of Tokyo for a total sum of Y20bn (\$100m). Rick Turner writes from Sao Paulo.

The first contract is for a loan of \$50m with a repayment period of 15 years, with the Bank of Tokyo at the head of a syndicate of six Japanese banks.

The other contract is for \$50m from Nomura Securities, with 10 years to repay and fixed interest of 8.3 per cent per annum, a loan which was to have been made in June but was postponed until after the results of the last OPEC meeting were known.

Electrobras owes \$6.1bn to foreign banks this year, representing 12 per cent of the country's foreign debt (\$50bn).

Since the company has major projects such as Itaipu and Tucuruí hydroelectric power stations still unfinished, it has little choice but to keep on borrowing heavily. This year the company is hoping to borrow a total of \$900m.

Braspetro, the Brazilian state company which drills for petroleum outside Brazilian territory, is to withdraw from the Colombian Colbras projects. Its 50 per cent share of the company has been sold to the U.S. company Houston Oil and Minerals for \$28m, together with a further 45 per cent of Colbras shares, for \$27m, previously in the hands of Colombian oil companies.

Explaining Braspetro's motives for pulling out of Colbras, the company's director, Jaco de Miranda, said that they were two-fold: Firstly, no petroleum could be expected to Brazil, on the insistence of Colombia, and secondly, the petroleum was sold to the Colombian state oil concern Ecopetrol at an artificially low price.

The Colbras field, in the valley of the Magdalena River in Colombia, was opened in the mid-1970s and entered production in 1977. Its total output in 1978 was 0.68m barrels, an average of some 13,000 barrels daily.

Nigeria, India in paper project

NEW DELHI—The Indian concern Birla will help Nigeria set up a 2bn rupee (\$111m) paper project, United News of India (UNI) reported.

The projected paper and pulp mill will have an annual capacity of 60,000 tonnes of paper and 100,000 tonnes of pulp, UNI said.

Under the five-year contract with the Nigerian Government, Birla will provide expertise for the establishment and operation of the complex, the second to be set up in Nigeria with Birla's help.

An export order worth \$250,000 has been won by Powell Duffryn Engineering for container handling units to be used for transporting waste in Ghana. Shipments will start in October.

Coal exports grow slowly

By our Warsaw correspondent

WEGLOKOKS, THE Polish company responsible for coal exports, expects to sell around 41m tonnes abroad this year compared to 40.2m tonnes in 1978, and an article in a Polish monthly suggests that present coal export levels may show no growth over the next decade.

According to Mr Witold Rosnowski, Weglokoks general director, 26m tonnes of coal will be sold this year to hard currency importers, a slight rise on last year's total of 25.3m tonnes.

Last year 15.5m tonnes went to countries in the European Community, a 4 per cent

rise on the previous year. Exports of Polish coal, which is cheaper than that mined inside the Community, is one of the factors holding up agreement on a subsidy for community produced coal, which would benefit the UK, the EEC's largest coal producer.

Such an agreement would subsidise the price of EEC produced coal down to levels close to Polish, Australian and South African imports.

Despite expansion of the Polish coal industry in recent years the pressure of domestic needs has meant that the share of coal assigned for exports is not growing.

Policies towards the EEC, the North South Dialogue as well as IMF and World Bank membership should be re-examined within the framework of Comecon, as should the lack of progress towards multilateral payments among the Comecon countries.

But despite his arguments for giving a freer hand to Poland's exporters Mr. Jung does not exclude the possibility that the country's economic situation may lead to a growth of centralisation throughout the economy. But, he asks, "how long can such a system be effective in conditions where the economy is dependent to a large extent on foreign trade and that means the outside world" and he warns that such methods could bring "social tensions and a lowering of the general efficiency of the economy."

Sweden considers leasing plan

By William Dullforce, Nordic Editor, in Stockholm

A SWEDISH Government shipping commission has recommended the formation of a State leasing company with a share capital of SKr 600m (£62m) to buy and lease ships to Swedish companies.

It would be able to place orders for new vessels either at Swedish or at foreign yards or take over existing vessels from Swedish companies.

Svenska Varv, the State shipbuilding group, owns or has part shares in over 50 vessels, on most of which its customers have not been able to meet payments. The Riksdag (Parliament) has ordered it to dispose of these ships by 1982.

The leasing company proposal is part of a SKr 2.66bn package designed to reinforce the Swedish merchant navy. Since 1975, when the world shipping crisis hit, Swedish shipowners have sold some 180 tankers and bulk carriers of roughly 10m deadweight tons.

Other items in the commission's package are a SKr 1.75bn expansion of the existing credit guarantee system, a scheme to help companies meet interest payments on loans and new state loans to meet operating costs among the smaller shipping companies.

The commission sees promis-

ing prospects for Swedish shipping in the longer term, but only if the merchant fleet can be renovated.

The shipping companies, which have been making heavy losses over the past three or four years and have seen the value of their assets shrink, are in no position to make the necessary investments in the right kind of new vessels.

The combination of a leasing company with State aid for company interest payments will, it is hoped, help solve this problem and prevent the sale abroad of more vessels by companies running into cash difficulties.

The Government to be formed after the September general election is expected to present a Parliamentary Bill incorporating the commission's recommendations later this year.

The commission also suggests that state subsidies for crews' home journeys to Sweden should be continued and that a guarantee be given of no increase in the contributions payable by the shipping companies for crews' State pensions for the next four years.

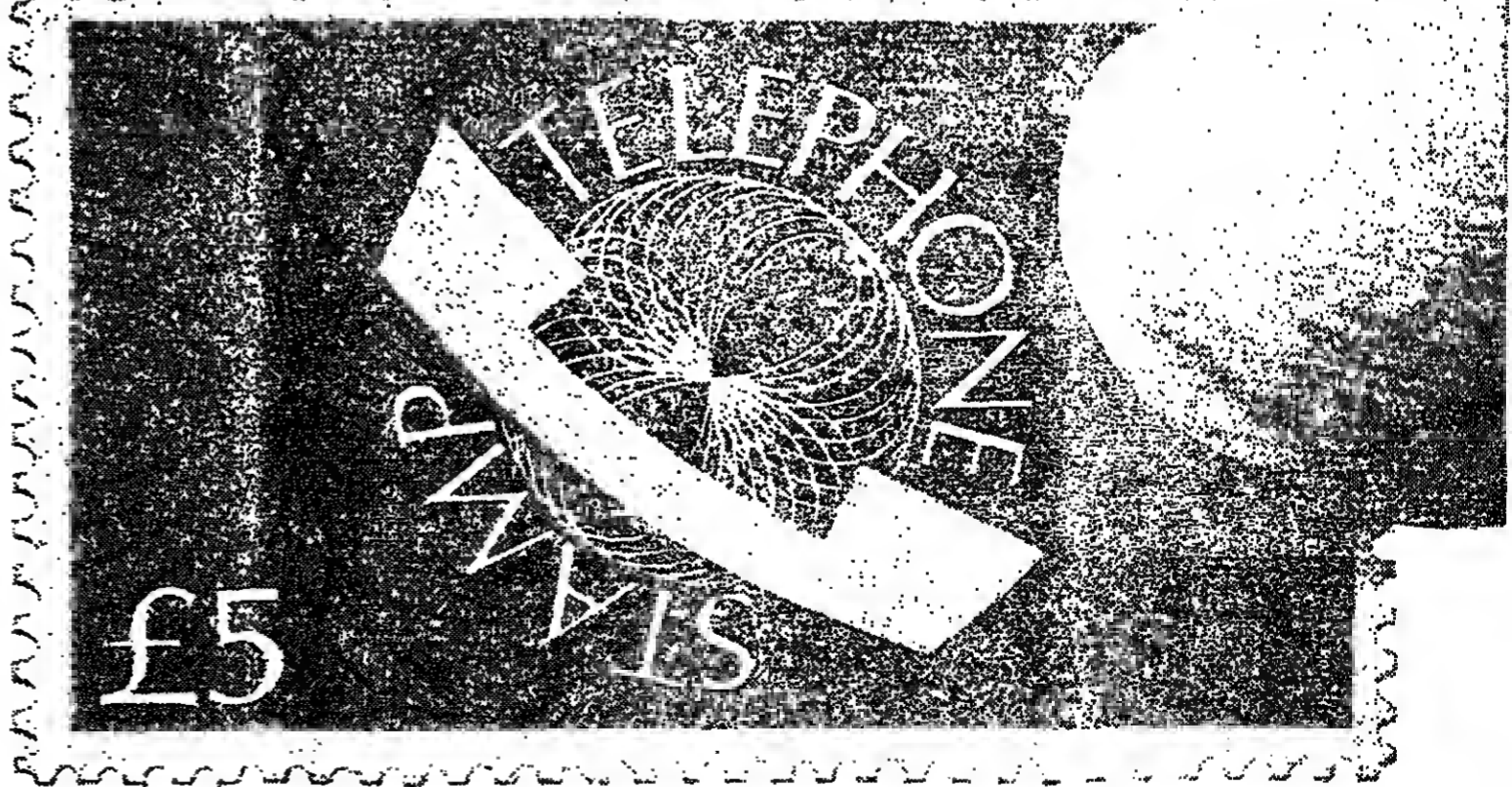
These and other measures are intended to prevent shipowners switching their vessels to other flags.

World Economic Indicators

		TRADE STATISTICS			
		July 79	June 79	May 79	July 78
UK £ bn	Exports	3.6	3.4	3.5	3.0
	Imports	3.4	3.3	3.5	3.2
	Balance	0.0	-0.3	-0.4	-0.2
France Frs bn	Exports	36,919	34,846	35,202	30,757
	Imports	37,883	35,987	36,425	29,852
	Balance	-964	-1,141	-1,223	-905
U.S. \$ bn	Exports	15,236	13,862	13,823	12,126
	Imports	14,937	16,342	17,053	13,713
	Balance	-1,899	-2,480	-3,170	-1,702
Japan \$ bn	Exports	8,510	8,133	7,810	7,954
	Imports	7,400	8,080	7,300	5,019
	Balance	1,110	+0,053	+0,510	2,935
Holland Fls bn	Exports	10,902	10,783	10,039	9,189
	Imports	11,357	11,609	10,288	9,516
	Balance	-455	-826	-249	-327
W. Germany DM bn	Exports	25.7	24.9	25.9	25.6
	Imports	24.0	24.9	22.6	21.7
	Balance	+1.7	+2.0	+3.3	+3.9
Italy Lire bn	Exports	5,008	4,371	4,648	3,996
	Imports	5,717	6,306	5,284	4,293
	Balance	-709	+65	-738	-295
Belgium Frs bn	Exports	143,758	126,327	117,881	125,521
	Imports	148,050	128,160	114,648	133,051
	Balance	-4,292	-1,833	+3,233	-7,530

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Civil Service cuts approved

FINANCIAL TIMES REPORTER

CIVIL SERVICE Department Ministers, at the centre of the Government's Civil Service staff cost review, have approved a range of options for scaling down the Department's own manpower expenditure by between 10 and 20 per cent.

The Department has overall responsibility for co-ordination and management of the Civil Service. In common with other departments, it has submitted to the Cabinet a list of proposals based on reducing Civil Service expenditure by 10, 15 or 20 per cent by April, 1982.

The list was prepared by CSD officials, and approved by Lord Soames, Lord President of the Council and the Minister in day-to-day charge of the Civil Service. The options include scaling down managerial functions, relaxing controls over pay in outside bodies, and reducing spending on recruitment.

Within the 10 per cent option, a saving of £324,000 could be achieved by moving from weekly to monthly pay cheques.

At the 20 per cent level, options include making recruitment include making recruitment more efficient, saving

£118,000; giving up control over Armed Forces' pay, saving £16,000; and cutting personnel management and training.

A separate list details the effects of similar cuts on the Central Computer Agency. Allowing other departments to buy their own computer equipment and reducing studies of technical problems and systems design would make up the bulk of the Agency's savings.

Twenty per cent cuts in the Civil Service Department and the Central Computer Agency would save a total of £5,051m, although it is thought highly unlikely that the maximum cuts of £551,000 would be imposed on the Computer Agency.

The CSD document, in common with those prepared by other departments, is being studied by the Civil Service unions in preparation for a meeting between the national staff side and Lord Soames on September 11.

After the meeting, Lord Soames is expected to take a recommended package covering

all departments to the Cabinet for approval. Cabinet discussions are expected to stretch over several meetings before final details emerge, perhaps in early October.

The Cabinet is likely to approve a "flexible" approach to the cuts—rather than impose a uniform cut on staff spending throughout all departments. This approach would be aimed at resolving differences between departments over the appropriate level of cuts while still reducing public expenditure in real terms by April, 1982.

Current spending on Civil Service wages and salaries is about £3.64bn a year. A 20 per cent cuts programme would imply the loss of about 150,000 jobs over the two years to April, 1982.

It is likely that the Government will adopt a policy involving only a few compulsory redundancies, taking advantage of natural wastage rates of about 8 per cent a year to make up the majority of the job savings.

Hoover plans to cut Merthyr workforce

BY ROBIN REEVES, WELSH CORRESPONDENT

MAJOR REDUNDANCIES at Hoover's Merthyr Tydfil washing machine factory South Wales, the biggest in Europe, are to be discussed at a special meeting of management and unions tomorrow morning.

A letter describing the factory's situation as "extremely serious" was sent to 4,500 production workers at the weekend. It said that the company planned to transfer manufacture of export washing machines to another company, probably on the Continent, with loss of certainly 700, perhaps 1,200 jobs at the plant, which has 4,250 workers.

It would shelve indefinitely launch of a new range of automatic washing machines planned for next month, and suspend, with effect from next Monday, the factory's generous sick-pay scheme in a bid to cut down absenteeism, which has been as high as 20 per cent.

The immediate objective is to end an eleven-week work-to-rule by the production workers, dissatisfied with the terms of a pay deal.

An offer of a £10-a-week bonus for nine weeks in exchange for normal working was rejected by the men last week despite a union recommendation to accept.

But the announced cuts have been accompanied by accusations from a management spokesman that employees are "work-shy," and indications that even more drastic reductions in Hoover's Merthyr operations are under active consideration.

They may affect employment at the company's Cambuslang factory in Scotland, which makes electric motors for all Hoover domestic appliances made in the UK.

Besides labour troubles Hoover has suffered from sterling's firmness. This was largely blamed for the UK company's £1.3m loss after tax reported earlier this month, compared with a £2.7m profit a year ago.

Export production will be phased out at Merthyr "as soon as the commercial and styling arrangements have been completed." If the move proved "economical," the arrangement could be extended to machines marketed in the UK under the Hoover label already made by other companies abroad, including refrigerators in Italy, dishwashers in West Germany and deep-freezers in Denmark.

The latest planned redundancies are another serious blow to employment prospects at Merthyr, where Hoover is the dominant employer in a valleys town with very limited employment opportunities.

Only just over two years ago Hoover announced a large expansion scheme at Merthyr, for which the Welsh Development Agency is building an £11m factory next door, which promised a rise from 5,500 to 8,000 jobs by the early 1980s. This has long been postponed indefinitely.

Shop staff seek big Christmas break

By Our Consumer Affairs Correspondent

WITH 100 shopping days until Christmas, the shop-workers' union is negotiating for a four-day break for shop staff over the holiday.

The Union of Shop Distributive and Allied Workers, which has 1m members, has submitted a claim to major retail groups that stores should be shut after trading on Saturday December 22 and re-open four days later on Thursday, December 27.

The union said that Debenhams had already agreed to its claim. Debenhams yesterday confirmed that its Oxford Street store would be shut for four days over Christmas.

According to USDAW, a four-day holiday over Christmas had been achieved in several stores last year. Many Oxford Street retailers, in particular, had shut for four days.

The union believed that its claim for a similar break this year was justified by the longer holiday over Christmas given by many companies to their workers, leaving for up to two weeks in some cases.

Microprocessor controls for 24 Coal Board pits

BY DAVID FISHLOCK, SCIENCE EDITOR

THE NATIONAL Coal Board is to equip 24 pits with microprocessor control systems developed at one of its research centres, at a cost approaching £10m.

These pits will be operated from a central control station on the surface, through a network of microprocessors managing coal clearance, coal preparation, monitoring of mine ventilation, and other major underground activities.

MINOS—the NCB's mine operating system—is believed to be the most advanced electronic system of mine control in the world.

The development team says that MINOS could lead to a dramatic improvement in mine productivity, of the kind the industry enjoyed when it introduced the Anderton coal hauler in the 1960s.

It could lead eventually to almost completely automated coalmining, in which the main tasks of the underground workers would be repair and maintenance.

Successful demonstrations of MINOS have been operating at eight British pits for up to two years, to prove the reliability of the computer programs and

sensors developed by the NCB's Mining Research and Development Establishment at Brethly.

All use a standard mini computer, peripherals and software, and all conform to the same standards of safety, reliability and performance.

In developing MINOS the researchers have been acutely aware of past NCB failures with the automation of mines. The most spectacular failure, in the late 1960s, was the highly automated Bevercotas pit where neither the electronics nor the geology proved reliable enough.

A microprocessor-based scheme for controlling coal clearance costs about £250,000 to install, Brethly estimates. A similar scheme to automate environmental control on three faces would cost about £250,000.

The most difficult challenge for Brethly, however, is to apply MINOS to the coal-cutting operation itself. In effect it means equipping the massive Anderton Shearer—the latest version of which draws 300 kilowatts of power—with inertial guidance so that it knows where it is and where it is going in the coal seam. It will also require a "radar" to warn it in plenty of time if there is anything but coal ahead.

Brethly is collaborating closely with the German coalmining research centre, Steinkohlebergbauverein, and also receives grants from the European Coal and Steel Community totalling £4.25m last year.

UDA denies that its members are in Protestant death groups

BY STEWART DALBY IN BELFAST

THE ULSTER Defence Association has angrily denied that any of its members form part of new Protestant paramilitary killing squads.

The group, called the "Religious Divide" which called for an independent Ulster.

The men who spoke to the journalists said that their group wanted the Government to recognise that a war existed. The group demanded a referendum on independence, and warned the Provisional IRA and the Irish National Liberation Army that by killing 75-year-old Protestant men on their way to work, by blowing to pieces Christian men in their cars, and by burning pensioners out of their old people's homes, you can only serve to incite the loyalist paramilitary to arms once again.

The group refused to give its name but said that it formed a new organisation divided into a cell system. It said that its members were drawn from the three main "loyalist" paramilitary groups, the Ulster Defence Association, the Ulster Volunteer Force and Red Hand Commando. Most of these groups have observed a ceasefire for two years.

The UDA is a legal organisation which in recent months has been concentrating on political activities. Four months ago it produced a blueprint entitled Beyond the Religious Divide which called for an independent Ulster.

The men who spoke to the journalists said that their group wanted the Government to recognise that a war existed. The group demanded a referendum on independence, and warned the Provisional IRA and the Irish National Liberation Army that by killing 75-year-old Protestant men on their way to work, by blowing to pieces Christian men in their cars, and by burning pensioners out of their old people's homes, you can only serve to incite the loyalist paramilitary to arms once again.

physical descriptions and habitational movements. Police sources were said to have acknowledged that four of the divisions were substantially correct.

Although the UDA has vigorously denied that any of its members are part of the new group, the allegations come only a week after the UDA itself threatened a switch in emphasis towards paramilitary activity. That followed a public show of strength by the Provisional IRA on August 12.

The UDA said yesterday that the warning was meant as a safety valve. It agreed that the new squads probably existed and said that they must have timed their announcement to coincide with the UDA's warning.

Police said that they could not confirm that leading Republic of Ireland paramilitary fighters were responsible. They said that the newspaper allegations would be thoroughly investigated.

European building societies to meet

By Michael Cassell

THE SIXTH European congress of building societies is to be held in London from September 24 to 28.

Members of the European Federation of Building Societies will be attending the conference. These comprise almost exclusively the specialist institutions which attract private funds to finance house purchase.

Speakers at the conference, which will be hosted by the Building Societies Association, will include Mr. Roy Jenkins, President of the EEC Commission, Mr. John Biffen, chief secretary to the Treasury and Mr. Leo Tindemann, former Belgian Prime Minister.

The conference is the first to be held in the UK. It comes as British building societies are beginning to formulate plans for their expansion into Europe. So far, only the Abbey National has established itself on the Continent, with a representative office in Brussels. The movement, however, faces substantial difficulties before any full-scale European operation can get underway.

Building societies have no powers to operate their traditional business outside the UK. The law limits their lending to this country and legislative changes will be essential before any move to the Continent.

Societies also face the further problems of exchange rates and currency movements and must decide whether or not borrowers should be expected to bear any resulting losses.

An appraisal of each European market would also be necessary.

The societies have stressed that foreign operations would be self-financing. There would be no question of money raised in the UK going to finance house purchase abroad. However, it was entirely possible that finance raised overseas might be remitted to the UK.

Grocery prices fall for second month

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A FURTHER sharp fall in the cost of fresh fruit and vegetables has led to the second successive monthly fall in the Financial Times grocery price index.

The index for August stands at 114.16, a decline of only 0.63 percentage points over the month.

Apart from the fall for fresh fruit and vegetables, the results for processed foods showed little change. That highlights the continuing determination of all types of grocery retailers to keep prices competitive.

The FT shopping basket is based on data collected by 25 shoppers who monitor a list of 100 grocery items each month in the same food stores of all types and sizes throughout the UK. It is not an absolute guide to food price movements, but is intended to act as an early indicator of trends in food prices.

That is especially relevant now that most Government food price surveys, apart from the main retail price index, have been abandoned to Whitehall economy drives.

Fresh fruit and vegetables in the basket fell in cost from £245.61 in July to £220.98 in August. The major cause of the fall in prices, according to FT shoppers, was cheaper tomatoes and cauliflowers.

Tomatoes were generally 10p a pound cheaper and cost 25p a pound in many shops. Cauliflowers were also about 10p cheaper each, and cost about 20p each.

Although the prices of fresh fruit and vegetables generally come down in summer, one FT shopper this month suggests that in her area the supermarkets are cutting prices more than normal to remain competitive with small shops.

Meat was also slightly cheaper in general this month, with the cost of the meal section of the basket down from £92.69 to £89.54. This is due mainly to

more beef and lamb coming on to the market.

FT shoppers found that top-side beef was selling at £1.68 a pound, while lamb was about £1.90 a pound. Sausages and bacon were a little dearer.

Dairy produce was more expensive this month, which largely reflects the higher butter price caused by the switch to larger metric packs. This appears to have led to shoppers paying 4p a pound more for butter.

Cereals were dearer because of industrial disputes at some manufacturers, which led to higher demand for cereals still being supplied.

Frozen foods were generally cheaper, mainly in the case of the FT shopping basket, because of cheaper frozen chickens.

It seems likely that the grocery index will begin to creep up again next month as fruit and vegetables become more expensive. But it is also expected that the big supermarket multiples will by then have started their traditional autumn promotional offensive.

Tesco and J. Sainsbury are still the dominant multiples, accounting for nearly a quarter of the market between them. Both are expected to launch a new advertising campaign emphasising the cheapness of selected items and the overall competitive prices.

There seems little prospect, therefore, of an end to the price war for most packaged groceries. However, the effect of the EEC and world markets will largely determine the fluctuations in dairy products and meat over the coming months.

The FT grocery price index is copyrighted and may not be reproduced or used in any way without consent. All inquiries should be made to Lucinda Wetherall at the Financial Times.

Shipping market turns healthier

THE IMPROVEMENT in the world shipping market brought the volume of shipping idle at the end of July to its lowest level since June, 1975, according to General Council of British Shipping figures published today.

However, the UK continued to have a higher proportion of its fleet laid up than the average for the world's shipping nations.

Britain had 24 vessels, totalling 2.23m dwt idle, or 5 per cent of its merchant tonnage. That compared with the world's total of 487 ships, at 17.61m dwt, or 3 per cent of its fleet.

Britain also had a greater proportion—8 per cent—of its oil tanker fleet idle: double the world total of 4 per cent. More than 2m dwt of tankers and 119,000 dwt of dry cargo vessels were not working in the UK.

The general council said, "These latest figures show the 13th successive monthly decrease in laid-up tonnage. At long last, we might be coming out of the recession."

The improvement in the market is welcome and encouraging, but we think it is too early to say we have turned the corner in Britain and the world.

The uncertainties we fear are the oil price and supply situation, and more important, the inflationary pressures, which in might push trade back into a new recession."

Although higher crude oil prices resulting from the Iranian crisis pose worrying long-term questions for world trade, the impression is growing that the shipping sector, which sank to the low point of its recession last summer, is now over the worst.

"An increase in the rate of scrapping older ships and in response to higher freight rates, more laid-up vessels being put to work again have improved the market."

"Bulk cargo rates in particular rose as a result of increased chartering of grain ships to counter the poor Soviet fleet in 1974."

Joseph in Shotton talks

STR. KEITH JOSEPH, the industry secretary, has agreed to meet a delegation from the North Wales county of Clwyd to discuss the planned closure of steelmaking at the British Steel Corporation's Shotton works.

Sir Keith's decision to meet the delegation is being interpreted as the first Government recognition that the shutdown of steelmaking at Shotton, with the loss of 6,300 jobs, is not solely a matter for BSC's management and unions—the hardline posture adopted by the Conservatives up to now.

Clwyd Council has already come out strongly against the planned closure which would be an incalculable blow to the industry base of the county. It has publicly accused BSC of reneging on an earlier pledge to maintain steelmaking at Shotton at least until 1982 and has been an active participant in Shotton's long campaign for new investment in steelmaking capacity to feed the fishing-coatings complex—end of the works.

Mr. Mervyn Phillips, the county's chief executive, said it intended to present the serious constitutional issues raised by the closure plan, which went far beyond the management responsibilities of BSC.

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1978 Aug. Rolls-Royce Silver Shadow II Saloon. Willow Gold, Dark Brown leather. Speedometer reading 12,000 miles. £26,950

1978 June Rolls-Royce Silver Shadow II Saloon. Caribbean Blue, Magnolia leather. Speedometer reading 8,800 miles. £26,950

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1976 Sept. Rolls-Royce Silver Shadow Saloon. Walnut. Black Everflex roof, Tan leather. Speedometer reading 25,000 miles. £26,950

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FINANCIAL TIMES SHOPPING BASKET

AUGUST, 1979

	August	July
Dairy produce	557.32	551.40
Sugar, tea, coffee, soft drinks	178.93	176.77
Bread, flour and cereals	261.42	260.24
Preserves and dry groceries	96.50	96.45
Sauces and pickles	43.87	43.43
Canned goods	168.29	166.65
Frozen foods	203.35	204.74
Meat, bacon, etc. (fresh)	489.54	492.68
Fruit and vegetables	220.98	245.61
Non-foods	204.21	201.86
Total	2,426.42	2,439.83

Index for August: 114.16
1978: March 100; April 101.77; May 103.11; June 104.12; July 102.41; August 101.89; September 101.90; October 101.77; November 103.67; December 105.10.
1979: January 108.54; February 108.65; March 109.12; April 110.88; May 113.59; June 116.02; July 114.79; August 114.16.

All these Notes have been sold. This announcement appears as a matter of record only.

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Three-year delay urged in banking union reform

BY NICK GARNETT, LABOUR STAFF

DELAY of up to three years in completing some of the proposed changes in English clearing bank staff representation is principal element in the second report by Dr. Tom Johnston into the banks' union structure.

The main proposals of the first report ten months ago are virtually unchanged. Dr. Johnston is chairman of the Scottish manpower services committee.

The proposals involve a three-tier system in the industry—a TUC-affiliated finance union, a Clearing Bank Union for representation in the five clearing, and domestic machinery within each of the banks.

The new structure, to replace much of the banks' bargaining machinery, which has been in a state of disarray over the past two years, would be formed out of the existing Banking, Insurance and Finance Union and the staff associations at Barclays, National Westminster and Lloyds.

The document reflects considerable exasperation at the entrenched positions of the union and the staff associations on certain vital issues.

It is also more strident in trying to push the parties towards accommodation and although there has been growing pessimism that the talks will

eventually founder, Dr. Johnston still ends on a fairly optimistic note. "I urge the parties to take the plunge," he says.

Differences

Principal differences have been over where power should lie—in the domestic machinery or in the Clearing Bank Union—and the relationship between the CBU and the new umbrella union, TUC-affiliation, which the associations have not been keen on, has also proved a problem.

The new document says that the TUC-affiliated umbrella body and the CBU could have separate certificates of independence but not the domestic tier bodies. These latter, however, would be responsible for domestic negotiations and in the first instance, recruitment.

At the beginning of any new staff representation structure, existing systems of direct representation—for example, to a domestic tier body—should remain. There would then be a gradual process of clarifying the separate representation units within the system.

There is no recommendation on triple membership of the three tiers but the new proposals suggest a three-year period for harmonising subscriptions. There is also a suggested

three-year period for standardising terms and conditions for union officers.

The report says geographic structuring which, along with sectionalisation, is a feature of the Banking, Insurance and Finance Union, should only be instituted if this was felt necessary once the new representation structure was operating.

Dr. Johnston says the staff associations have had a "myopic" view on domestic autonomy and have been over-

More Home News, Page 12

protective of their own membership. He is also critical of the National Westminster staff association's refusal to join TUC affiliation.

He argues that the Banking, Insurance and Finance Union, formerly the National Union of Bank Employees, should have delayed changing to its new name, which has only increased anxiety among staff associations about their position in a new structure.

He also criticises the union for agreeing, in defiance of the executive, at its annual conference this year that direct membership should be to the TUC-affiliated body.

World tributes flood in for Lord Louis

LORD MOUNTBATTEN was born a prince and was related by blood to most of Europe's royal houses. But he will be remembered mainly for his long and successful military career and for the part he played in the transfer of power when India was granted independence in August 1947.

At Buckingham Palace a spokesman said: "The Queen was deeply shocked to hear of the death of Lord Mountbatten. Reports of his death reached the Queen on holiday at Balmoral with other members of the Royal Family.

French police told Prince Philip of the death of his uncle while the Prince was on his way to take part in an international equestrian event in Normandy.

Prince Charles, on an angling holiday in Iceland, was told of Lord Mountbatten's death by his private secretary. King Carl Gustaf of Sweden was deeply saddened to learn of the death of his great uncle, a palace spokesman said. "It was completely unexpected, a tragedy about which the King feels a great personal grief. There is a very close family."

Dr. Donald Crippen, the Archbishop of Canterbury, said: "It was my privilege to know him, and I noticed his deep care for people, particularly for individuals in their needs and sorrows. He was a kind of wise father figure within the Royal Family."

Strength

Tributes to Lord Mountbatten poured in last night. Lord Home, the former Prime Minister, said: "He was a man of very strong character and strength of mind and with all these qualities, a most attractive personality, full of enthusiasm for any task which he undertook."

"During his tenure as Chief of the Defence Staff he was a constant source of strength in any defence secretary or foreign secretary or Prime Minister of the day. His advice was always objective and professional."

Admiral Sir Terence Lewin, First Sea Lord, who takes over as Chief of Defence Staff in September, said Lord Mountbatten "more than any other of the wartime leaders was the hero of my generation. He was always an innovator, ahead of his time, always a tremendous enthusiast. And we were inspired by his example."

"Above all, he always had time for people, particularly those who had served with him

in the past, and it was this coupled with all his great professional attributes, that made him a legend among servicemen."

Neelam Sanjiva Reddy, India's President, said in a message of condolence to the Queen: "That he was invited to be independent India's first Governor-General was a tribute to Lord Mountbatten's statesmanship, sagacity and wisdom. He will always occupy a place of honour among India's friends and well-wishers."

Mrs. Indira Gandhi, former Prime Minister of India and daughter of the late Jawaharlal Nehru, India's first Prime Minister, described Lord Mountbatten as "an extraordinary personality," and added: "India has lost a dedicated friend."

Lord Mountbatten was born at Windsor on June 25, 1900, the younger son of Admiral of the Fleet, the first Marquess of Milford Haven and Princess Victoria of Hesse, the granddaughter of Queen Victoria, who held him at his christening.

He was known as Prince Louis of Battenberg until 1917 when his father relinquished his German title and assumed the surname Mountbatten.

At that time his father, Prince Louis of Battenberg, was First Sea Lord but he resigned under pressure from the wave of anti-German sentiment which swept Britain.

This indignity suffered by his father—Austrian-born but a naturalised Briton who was a prominent performer in the Royal Navy—was a driving force behind Lord Mountbatten's ambition to emulate his father and become First Sea Lord.

In 1955, after 22 years in the Navy, Lord Mountbatten's ambition was fulfilled when Winston Churchill appointed him First Sea Lord, the first son ever to succeed his father in the post. One of Lord Mountbatten's first acts on his appointment was to hang a portrait of his father in his office, the same one as his father also occupied.

His career in the Royal Navy started in 1913 when he joined as a cadet. He saw more than two years' service at sea in the First World War.

In July, 1922, he married Edwina Ashley, granddaughter of the financier, Sir Ernest Cassel, and reputedly possessor of a £12m fortune. Lady Mountbatten went on to make her own name in a devoted lifetime of charity work. She died in 1980.

On the outbreak of the Second World War, Lord Mountbatten was in command of the Fifth Destroyer Flotilla in the flotilla leader, HMS Kelly, which played a notable part in the early campaigns of the war around Norway and Crete.

As Chief of Combined Operations in 1942 and 1943, he used the experience gained in the

Vaizzo, Bruneval, and St. Nazaire raids and the reconnaissance in force at Dieppe, to help plan both the North African invasion in 1942 and the invasion of France in 1944. He helped devise the Mulberry artificial harbours which aided the D-Day invasion, and PLUTO the pipeline laid under the ocean.

Before the invasion took place, however, he had been appointed, in the autumn of 1943, Supreme Allied Commander of the newly-formed South-East Asia Command, with the acting rank of Admiral, the youngest Admiral in the history of the Royal Navy and by far the youngest Supreme Commander.

In September, 1945, he officially received the Japanese Army's surrender at Singapore. After the war, in March 1947, he was temporarily detached from the Royal Navy to become the last Viceroy of India. As Viceroy he solved the hitherto intractable problem of how to transfer power in less than five months. In August 1947, after the transfer, he was invited by the Indians to become their first constitutional Governor-General and stayed for 10 months.

Winston Churchill refused to speak to him for a time after his return from India because he and other British Conservatives resented Lord Mountbatten negotiating the end of the British Raj under a Socialist

Government at home. They opposed the Mountbatten plan to create a Moslem state of Pakistan, a partition which led to thousands of deaths to Hindu-Muslim riots.

In 1959 he became Chief of the UK Defence Staff and chairman of the Chiefs of Staff Committee, from which post he retired in 1965. As Chief of Defence Staff he was responsible for welding together Britain's defence services into one administrative organisation whereby the former Admiralty, War Office and Air Ministry became departments within the unified Ministry of Defence.

Mission

Following his retirement, after 52 years in uniform, he went on a fact-finding mission on British Commonwealth immigration and then conducted an inquiry into security at Britain's prisons after Russian agent George Blake escaped.

In 1967 he took on his last "crusade" as the first president of the International Council of the United World Colleges, an educational project to promote international understanding.

He once said in a newspaper interview: "As more and more history is being written, I think it will be judged that I didn't do too badly. Mine is just a normal, decent approach to life and if this was general, there would be no more wars and more happiness in the world."

Peaceful-haunt of fishermen and tourists

MULLAGHMORE, Co. Sligo, was a typical seaside village best known to fishermen and a few holidaymakers until yesterday's grim killings shattered the peace.

The village, sited a few miles south of Bundoran on the wide sweep of Donegal Bay, had experienced little out of the ordinary since an American Flying Fortress made a forced landing there during the war.

Looking north from Mullaghmore beach, the Donegal coastline gleams across the bay. In the other direction, Ben Bulbin, the mountain immortalised in his poetry by W. B. Yeats, rises majestically in the distance. All this can perhaps best be seen from Classy Bawn, the castle perched on a peninsula

above Mullaghmore where Lord Mountbatten was a regular visitor.

The castle was built in 1856 as a summer residence by the British Prime Minister Lord Palmerston, and was subsequently left to the Mountbatten family on Palmerston's death.

More recently, the 10-bedroom house and 1,500-acre estate has been rented as a holiday home to Mr. Hugh Tunney, a millionaire businessman. One condition of that lease, however, was that "Mr. Mountbatten" or "Lord Louis" as he was affectionately known locally, could stay there for one month each year. That month was invariably August.

Whoever planted yesterday's bomb would not have had

much difficulty in establishing the movements of their victim. Although accompanied permanently by a plain clothes police detective whenever he left the castle, Lord Mountbatten regularly strolled about the village and frequently went to sea in a clinker-hull sailing boat. The 26-foot green and white half-decker craft was moored in Mullaghmore harbour and was well known in the village.

"It was a very sturdy vessel built specially for Lord Mountbatten by a local craftsman," Mr. Joe Jennings, a former journalist brought up in the area and now a frequent visitor there, recalled yesterday.

"I was in Mullaghmore about a fortnight ago, and I saw him drive down to the

harbour in his Peugeot station-wagon. He used to take the wheel of the boat himself."

There seems little doubt that Lord Mountbatten was well liked by local residents and that he was greatly attached to the North Sligo coast. Observers say he enjoyed being treated as just another tourist.

It was well known, of course, that their distinguished visitor had a military past, but there was no personal animosity in spite of a fairly strong nationalist sentiment in the area.

Lord Mountbatten impressed many Irishmen when a few years ago he revisited the country for the funeral of Eamonn De Valera, the Republic's longest serving President.

Clerical staff picket courts

STRIKING clerical staff picketed four inner London magistrates' courts yesterday in their fight for a pay offer similar to that made to civil servants. The members of the Civil and Public Services Association and the Society of Civil and Public Servants, picketed Bow Street, Old Street, Camberwell and Horseferry Road courts. They have refused a 9.4 per cent offer from the Home Office, and are demanding rises of 20 to 30 per cent.

Joint talks seek end to coastal dockers' strike

JOINT TALKS will be held in Liverpool today to try to end the seven-week strike of 280 coastal dockers employed by the Mersey Docks and Harbour Company.

On Sunday, 2,000 of the other 3,500 dockers employed voted to give the company one more week to reach agreement on the claim for an extra £2.50 to £3 a day for weekend work. Both management and shop

stewards are anxious to avoid an all-out strike which would halt the port. The outcome of today's meeting will be reported to the strikers on Friday.

Tugboatmen refused to move ships in Liverpool's North Docks at the weekend in protest at the Mersey Docks and Harbour Company decision to close the Langton Dock river entrance at weekends on grounds of economy.

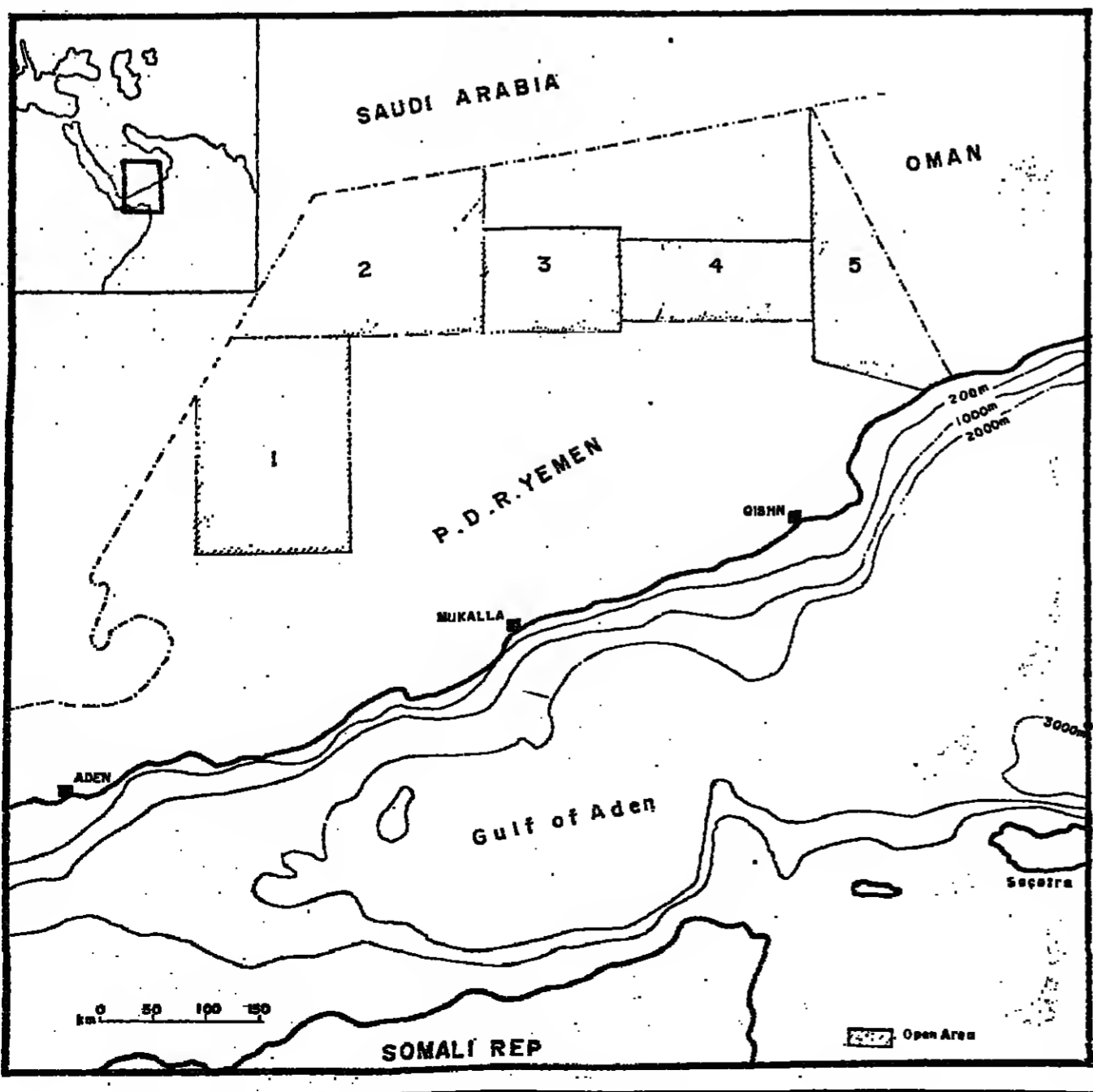
CONTRACTS AND TENDERS

OIL EXPLORATION AND EXPLOITATION INTERNATIONAL BID

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2. Minimum obligation should be supported by Letter of Guaranty, but not less than Seismic Survey and drilling of two wells within the first three years.
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4. Data is available for investigations at P.M.B. Office, Aden.
5. For further information communicate with Cable: YNOC, Aden. Tel. 24155/24993. Telex: 215 AD. P.M.B. Chairman.



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Terms of payment: 10% on adjudication, 15% on possession and balance up to sixty (60) months. Specification sheets available at 575 San Martin Street, 2nd Floor, Office No. 15, Tucuman, Argentina. Price: AP 1.000.000.

Opening of Tenders: 12th September, 1979, at 4 p.m., at 120 Defensa Street, 5th Floor, Buenos Aires, Argentina.

Submitting of Tenders: Until one hour before time limit at 120 Defensa Street, 5th Floor, Office No. 5083, Buenos Aires, Argentina.

Information: 575 San Martin Street, 2nd Floor, Office No. 15, Tucuman, Argentina, or at C.O.N.A.S.A. main offices, 1070 Cerrito Street, 11th Floor, Buenos Aires, or at 179 Rivadavia Street, Tucuman, Argentina.

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BULK SUGAR TERMINAL — PORT LOUIS TRACTOR AND MOBILE CRANE

CONTRACT No. 13A

Tenders closing at 1.30 p.m. on Wednesday, 17th October 1979, are invited for the following works for the Bulk Sugar Terminal at Port Louis, Mauritius, in accordance with the Specification and General Conditions of Contract for Contract No. 13A.

The Contract is for the supply and delivery free into store on the Site of a Tractor Mounted Mobile Hydraulic Crane of maximum lifting capacity 3 tonnes, with hydraulic winch and one Industrial Tractor of approximately 50 h.p.

Specification and General Conditions of Contract may be examined at the office of the Consulting Engineer, Macdonald Wagner & Pridde Pty. Ltd., at Port Louis, Mauritius, and at Messrs. N.S.W. Australia, and also at the Mauritius High Commission, 23/35 Euston Place, London, S.W.7, England and the Mauritius Embassy, 68 Boulevard de Courcelles, 75017, Paris, France.

Specification and General Conditions of Contract for companies registered in Mauritius may be obtained from Macdonald Wagner & Pridde Pty. Ltd., Rogers Automotive Building, Cnr. Edith Cavell & Marie Bathurst Streets, Port Louis, Mauritius, and also at the office of the Consulting Engineer, at the office of the Tender Box, at the office of the Chairman, The Sugar Terminal Board, 4th Level, New Government Centre, Port Louis, Mauritius, or posted from overseas to reach the Chairman on or before the closing time and date.

Envelopes endorsed "Tender for Contract No. 13A, Tractor and Mobile Crane, Bulk Sugar Terminal, Port Louis" and containing a Tender accompanied by a Tender Deposit are to be addressed to the Chairman, The Sugar Terminal Board, 4th Level, New Government Centre, Port Louis, Mauritius, and to be sealed with the name of the Tenderer, and to be accompanied by a copy of the Tender to reach the Chairman on or before the closing time and date.

The Corporation does not bind itself to accept the lowest or any tender and will not assign any reason for the rejection of a tender.

The Mauritius Sugar Terminal Corporation

PLANT & MACHINERY SALES

- 1) ROLLING MILLS 20in x 30in x 350 h.p. Two High Reversing Mill. 3in x 12in x 10in wide variable speed Four High Mill. 3.5in x 8in x 9in wide variable speed Four High Mill. 10in x 16in wide fixed speed Two High Mill. 10in x 12in wide fixed speed Two High Mill. 6in x 16in x 20in wide Four High Mill.
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- 3) CUT/LENGTH LINE 750 mm x 3 mm.
- 4) CUT/LENGTH LINE 400 mm x 3 mm.
- 5) WIRE FLATTENING AND NARROW STRIP ROLLING MILL, two stand by revf. 10in x 8in rolls.
- 6) SLITTING LINE 920 mm x 10 ton coil by Cam.
- 7) SLITTING LINE 300 mm x 1 ton coil by Cam.
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- 11) GUILLOTINE 8ft x 0.125in Pearson.
- 12) No. 1 FICPE SCRAP SHEAR, 75 x 35 mm bar.
- 13) SHEET LEVELLING ROLLS, 920, 1,150 and 1,850 mm wide.
- 14) HYDRAULIC SCRAP Baling Press, Fielding & Platt.
- 15) FDRGING HAMMER 3 cwt, slide-type, Massey.
- 16) VACUUM FURNACE 100 kw, Herdikerhoff.
- 17) AUTDMATED CDLD SAW, non-ferrous, Noble & Lund.
- 18) WIRE DRAWING MACHINE 8 BLOCK (16in), Arboga.
- 19) WIREDRAWING MACHINE 6 BLOCK (22in), Marshall Richards.
- 20) 1972 WIRE STRAIGHTEN AND CUT-TO-LENGTH MACHINE, Max. capacity 10 mm dia. ms.
- 21) HORIZDNTAL DRAW BLOCK 36in, Farmer Norton.
- 22) BAR & TUBE REELING MACHINE (2in), Platt.
- 23) WIRE DRAWING MACHINE 9 DIE cone type, Unity.
- 24) WIRE DRAWING MACHINES 15 DIE cone type, Marshall Richards.
- 25) COMPLETE BICYCLE RIM MANUFACTURING PLANT for disposal, capacity 300 rims per hour.

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£18m road contract in Essex

MID-SEPTEMBER will see the start of an £18.4m contract which the Department of Transport has awarded to Wimpey Construction to build the Mark Dyke to the east of Grays dual carriageway trunk road in Essex.

The two-year project comprises two sections of 11 metre dual carriageway, totalling 7 kilometres, and one section of 3 kilometres of 7.5 metre dual carriageway, forming an eastern by-pass of Grays. Three grade separated interchanges and a roundabout are also part of the contract.

Excavation of 1.6m cubic

metres of earthworks includes considerable refuse and about 1.4m cubic metres of fill-in embankments.

Other works include road drainage systems, sewer, diversions and construction of pump stations.

Structural works include the construction of a viaduct, 12 bridges, a pedestrian subway and minor retaining walls and culverts involving 2,700 tonnes of reinforcement, 17,000 cubic metres of concrete, 690 tonnes of fabricated steel beams, and 54 precast prestressed concrete beams.

Wimpey Asphalt has acquired the Pwllheli Granite Company which has a quarry and a sand gravel pit near Portmadoc, North Wales, and is also engaged in the production of ready-mixed concrete. It is anticipated that all these activities will continue under the present trading name.

Award to Balfour Beatty

EXTENDING AND modernising the Atlantic Hotel in Banjul, capital of The Gambia, will be undertaken by Balfour Beatty Construction under a contract worth about £6.5m.

Contract covers design, all goods and services, construction and commissioning.

Manager for the hotel is Caledonian Hotel Management (member company of the Caledonian Airways Travel and Leisure Group, which includes British Caledonian Airways and Blue Sky Holidays), which is also appointed as hotel development consultant for the new project.

Work on big civic centre

CONDOR Midlands has awarded John Laing Construction's north-west region a £2.6m contract to carry out building work within the new £8.5m Tameside Civic Centre, now taking shape at Ashton-under-Lyne, Greater Manchester.

Calling for a 60,000-square-foot supermarket and better than 204,000 square feet of office space, the development will be linked to the existing Town Hall, blend with the 19th century aspect of the town centre and provide a central headquarters for the Tameside Metropolitan Borough Council.

The complex will be triangular in shape with an octagonal eight-storey core at the apex and six- and four-storey sections branching off it.

Shops and offices will have a structural steel frame built by Conder Midlands, managing contractors for the development.

£3.1m awards to Gleeson

THE GLEESON group has won a variety of contracts in the UK valued at a total of over £37m.

M. J. Gleeson (Contractors) and Gleeson Industrialised Building have been awarded three contracts worth a total of £945,420. These are for factory and warehouse units at India Pavillion, First Way, Wembley, Middlesex for Midfair Properties, for the Lakeside Health Centre at Thamesmead (Greenwich and Bexley Area Health Authority) and for a vehicle maintenance facility at London Heathrow Airport.

Gleeson Civil Engineering has also gained three contracts. These are worth over £1.2m and

are for the Colleywell Bay sea defence scheme for the Borough of Blyth Valley at Tyne and Wear, for work at the Aboyne sewage works near Aberdeen for Grampian Regional Council and for reconstruction of Whaunknive disposal point at Forth, Lanarkshire, Scotland for the National Coal Board Open-Cast Executive.

Two other awards totalling nearly £1.8m—to Gleeson (Sheffield) are for work at Gambrell Bank Estate, Ashton-under-Lyne for Tameside Metropolitan Housing Services Committee, and for erection of industrial units at the Alfreton Trading Estate for Friends Provident Life Office.

Sewerage in Baghdad

AFTER completing an extensive survey of the condition of Baghdad's trunk sewers, Leeds consulting engineers Haiste and Partners have now been appointed by the Sewerage Board of Baghdad to supervise a £6m improvement scheme.

Principal work will be the lining of some 8.5 kilometres of concrete pipes of 2.3 metres and 3.0 metres diameter with glass reinforced plastic pipes.

The civil engineering contract has been let to a local concern, Baroudi ARD Joint Venture, and the GRP pipes are to be supplied by Vera of Dubai.

Haiste says that still under consideration by the Sewerage

Board is a proposal to install a trial oxygen generation plant as part of the sewerage system to reduce the rate of corrosion in the sewers.

Haiste is currently retained by the Iraq State Contracting Company for Water and Sewerage Projects to supervise contracts worth a total of about £12m for construction of sewerage treatment plants and sewerage facilities at Najaf, Kufra and Karbala.

The firm is also designing for the State Company new treatment facilities for Samarra, the old capital of Iraq. This work is being carried out in partnership with the State Company's Design and Studies Office.

Store and car park

A RETAIL store and car park for the Co-operative Wholesale Society at Peel Street, Barnsley, are among three new contracts worth more than £7m won by J. F. Finnegan.

The Barnsley contract is worth £1.9m and the project is expected to be completed by October of next year. The other contracts are for 55 dwellings at Wellfield, Hartley, for Sevenoaks (Kent) District Council (£505,000) and the rehabilitation of just under 50 dwellings at Rushmere Road (£433,700) for Liverpool City Council.

Facelifts in London

REFURBISHING work looms large in the £3.7m worth of contracts just announced by Fairclough, largest of which from the GLC is for £1.1m.

This involves relaying of roofs, structural repairs and remedial brickwork to 530 occupied homes at the Exmouth Estate in East London. Completion is for July next year.

In Roehampton, again for the GLC, work worth more than £600,000 is to be carried out on 112 unoccupied maisonettes and 32 occupied flats, with completion by April 1980. It will be largely remedial in character.

London Borough of Brent has added £870,000 as Phase 2 of operations on the Manor Farm Estate, Alporton, bringing the total of buildings to be refurbished and modernised to 150 and the total cost to over £1.2m.

For the London Borough of Islington, work under a £300,000 contract for repairs to Pangbourne and Moulford Houses in the area is nearing completion.

Other rehabilitation contracts include £120,000 in Merton, 115,000 for Waltham Forest and £140,000 for Haringey.

FIVE BIG hotels are to be built in several important areas of Brazil under a £30m contract concluded between Best Stevin Constructors and Grupo Queiros Imovels.

Best Stevin is a consortium set up by Royal Volker Stevin and Gebr. van Heeswijk, major European civil engineering contractors, based in Holland.

Meanwhile, though the total amount of the contract has been established, the actual sites where the hotels are to be

built have not yet been chosen, at least not so far as the European partners in the deal are aware.

Each hotel will have 320 double rooms and a total floor area of about 25,000 sq metres.

Start of construction on all five is for October/November this year, with completion within about 18 months from starting date.

Owner of all five will be the above-mentioned Grupo Queiros Imovels of Brasilia and the designer is Intarco of Sao Paulo.

Until the sites are known, it will be difficult to put a figure on the value of the local ingredient of labour content. Notionally, some 25 per cent of total cost will be involved though such a figure must be considered 'tentative' at the moment.

Royal Volker Stevin describes the present arrangement as a 'window' contract in which the framework has been designed and laid down but the details remain to be filled in.

£2m store for Allied Suppliers

WORK HAS been started by Lesser Design and Build on a £2m project for a new Allied Suppliers (Presto) superstore in Staines Road, Hounslow, Middlesex.

This joint development between Allied Suppliers (Properties) and Lesser Land will also include office accommodation, together with a first-floor car park.

The three-storey reinforced concrete structure will be clad with facing brickwork and blockwork, and the store will be at ground-floor level, with office accommodation on the two upper floors.

The 4,423 square metre store will be served from Staines Road and from the 159-space shoppers' car park on the first floor, with access by lift and stairs. At the rear, an incoming goods and service area with covered docking bay and levelling platform will be provided.

The 1,080 square metre office building will be positioned on columns immediately above the car park, itself generally enclosed within the office area and reached by a circular rising ramp. Because of its location close to London Airport, extensive acoustic and thermal insulation will be needed.

£1.8m awards to Tilbury

LATEST AWARDS won by Tilbury Construction total £1.8m. Nearly £1m-worth of the work is for the Property Services Agency.

Building and civil engineering in the Plymouth area for the PSA is likely to exceed £3m, and it has placed a £213,500 order for a Post Office motor transport workshop in Torquay.

Major trunk road improvements for Cornwall County Council are worth £437,000.

New access roads worth £10,000 for a holiday camp are being constructed for Mr. J. R. Morgan, and warehouses and factories for English Industrial Estates Corporation (worth £120,000 and £101,500 respectively) make up the balance with £160,000 contract for a new workshop at Cullompton, near Exeter, for E.G.P. Joinery.

Sunley to extend offices

BERNARD SUNLEY and Sons has won the contract to build a four-storey extension to the Eagle Star Insurance Company's administration and computer centre at Cheltenham.

The building will be fully air-conditioned and when completed provide additional office space of 2,600 square metres and underground car parking of 800 square metres. The reinforced concrete structure will be supported by a half metre deep

concrete raft and 10 metre deep bored piles.

Architects, Stone, Tomis and Partners, have designed the extension to blend with the existing 14-storey building, built by Sunley in 1969.

The sub-structure, which was the subject of an earlier contract, was commenced six months ago. Total value of the building contract is £2.5m and Sunley expects to complete by October 1980.

Land Rovers on call

EXPANSION of its Land Rover and Range Rover hire services is planned by Four by Four Hire of Hanworth, Feltham, Middlesex.

It has already built up a fleet of over 200 vehicles which may be hired for a week or year or longer. They can be fitted out to carry plant and equipment of all kinds, to operate as mobile workshops or simply to carry personnel over rough terrain.

Among the company's latest developments are special mobile workshops built with Luton box van style bodies which more than double volumetric carrying capacity and provide standing room for all but the tallest operatives.

The vehicles also have an Allam 7.5 kVA generator built

in between the two front seats. This makes the workshops completely independent and self-contained.

The company also has a number of vans equipped to carry out regular maintenance and repairs and stocks of spares and equipment of all kinds, to be held at depots in various parts of the country.

Mr. Duncan Smiles, managing director of Four by Four Hire, is undeterred by the influx of foreign vehicles modelled on the Land Rover and Range Rover, and says the company's expansion would continue to be based on getting sufficient supplies of British Land Rovers and Range Rovers from BL. The 'setting up' of a major centre devoted solely to both hiring out and selling these vehicles is being considered, he said.

Offices in Manchester

A NEW £1.4m headquarters for the Pentos publishing company, World Distributors (Manchester), is to be constructed in central Manchester by Howard Farrow (Northern).

The building will provide 16,000 sq ft of office space and 58,000 sq ft of high bay warehousing.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PROCESSES

Coating paper products

A DEMONSTRATION and development laboratory, made possible by the aid of a grant from the Department of Industry, has been set up by member of the John Brown group, Bone Markham, at Manor Farm Road, Wembley, London (01-997 9355).

This is intended to help the company meet its objectives of growing further in the specialised field of coating and laminating machinery for the paper, packaging and plastics industries.

A newly designed multi-purpose coating machine is installed, which should make it possible for work to be shown in all of the normal roll coating and metered coating fields, as well as laminating, in a wide range of materials. The laboratory plant also includes the very latest design of float air oven.

Facilities at the Wembley plant will demonstrate the pro-

duction of vinyl coated wall coverings, photo-curable and non-carbon type inks, and other coated papers using a solvent-free system. Pressure sensitive label stock and tape from aqueous, solvent or hot melt adhesives, PVC coated papers and films, lacquered papers, films and foils, hot melt coated papers, films and foils, and coated papers, films and foils.

Other areas in which the company is currently involved—often jointly with customers—are energy economy, air pollution and material wastage, and the use of micro-processors.

Bone Markham has built coating machinery under licence from U.S. company Egan for over 25 years and says its own demonstration and development laboratory gives it the added ability to expand in fields which are specifically related to the European market, and to do work directly requested by customers.

Air-powered saws

JUST INTRODUCED to the UK market are two saws which will cut all species of timber, plastics and composite materials, as well as light metals, announces Powell Duffryn Group, Tools Division, Cambrian House, Alnidy, Cardiff 10 222 511.

The air circular saw has an 84-inch diameter blade and a 24 hp motor. Depth of cut is adjustable up to 27 inches, and the base can be tilted to 45 degrees. This is designed for rugged and continuous use and can be pushed to the point of stalling with no damage to either air motor or tool.

Balanced top handle is said to give easier control for the operator and the sawdust ejector funnels sawdust down and away from the operator and the telescopic blade guard. Its major use will probably be in the furniture industry.

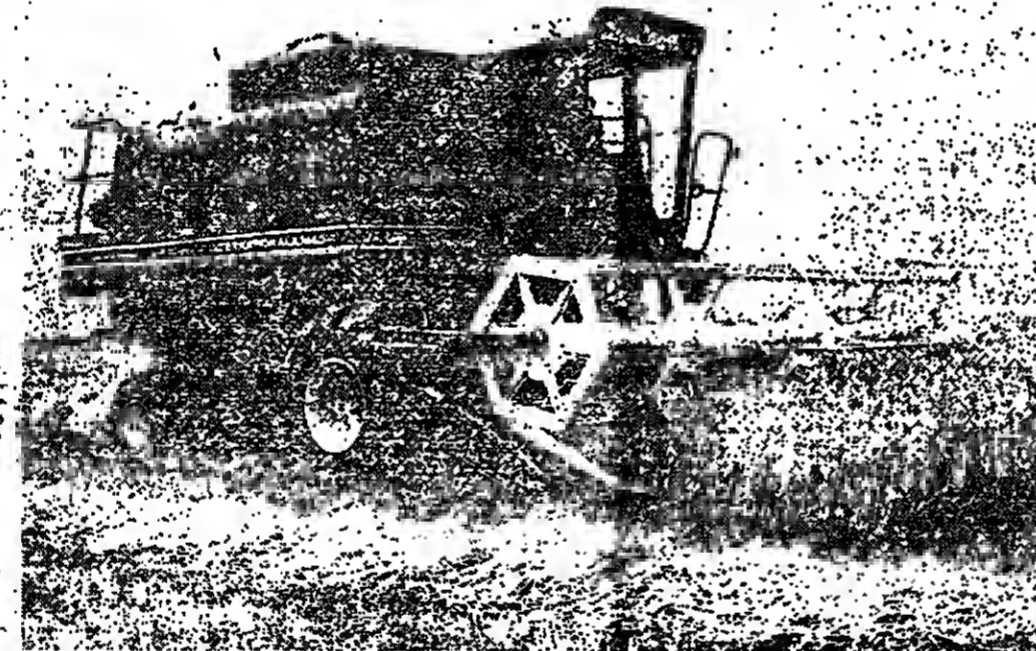
Designed for large production

capacity cutting or intricate curvy cutting is the heavy duty air bayonet saw with 1 hp motor, likely to be used in the aircraft industry.

Orbital action of the bayonet saw reduces blade breaking friction, and it can cut wood 2 1/2 inches thick, aluminium 3/4 inch thick, and steel 1/4 inch thick. Its sturdy 24 square inch base should give firm support, and a base insert eliminates chipping when cutting such materials as plywood or laminates.

This has opened up completely new possibilities for the separation of the solids/liquid content of non-Newtonian, i.e. intrinsically viscous, plastic or thixotropic suspensions, says Sulzer.

The suspension to be de-watered is subjected to intensive shearing action, it is added, and the cellular turbulence produced in the ring space of two



Available with either a 14 or 16 foot wide grain platform this International Harvester 1490 axial flow combine has a 170 hp turbo-charged diesel engine and hydrostatic transmission. It is claimed that axial flow combines are more productive than conventional machines and that their design ensures considerably less crop damage.

DATA PROCESSING

Maintaining the power supply

TALISMAN, the Stock Exchange's computer array, has been extended to make it one of the largest data processing centres in the UK.

In its new form it went live when the power was switched on officially on April 9, which followed a preliminary power-up test period during late March.

Full computer capacity of the IBM equipment will be reached during the current half year.

To support the increased processing facilities, additional power was required and this was involved the installation of an extra LEB feeder line to the Stock Exchange computer building. Its primary purpose is to supply a new Emerson Electric UPS (Uninterruptible power supply), rated at 250 kVA, which is situated in the base-

ment of the building. The computer equipment is on the third floor of the building, and is located about 180 metres away from the power equipment.

With the installation of the latest Emerson static inverter equipment, it means that the computer now has two separate supplies: an existing 168 kVA UPS which looks after the central processors and the 250 kVA above that provides a protected supply to the various peripherals.

In order to accommodate the extended power supply equipment, the basement had to be completely re-designed. This work, and the extension to the computer room, was carried out by LSE's own property management department.

During the time all the changes were being made, the

centre had about 40 per cent of its power supply coming directly off the raw, unprotected mains. This was considered to be an acceptable risk, in ensure that work was finished as quickly as possible; it proved an anxious time all around and fortunately, the work took place during a period of the year when there were no cuts and no loss of data to the computer.

With over 400 kVA split-up between two UPS systems Talisman has plenty of stand-by power in hand. For example, if the older, and possibly more vulnerable, UPS installation should fail the new 250 kVA equipment has additional capacity built-in to handle the total computer load.

Emerson Electric Industrial Controls, Ilcin Drive, Swindon, Wilts, SN2 6DX, 0783 24121.

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WATER ENGINEERING

Lessens loss from mains

WASK Engineering, of Keighley, Yorkshire has a machine for drilling, tapping and installing services on live water mains. Waterset equipment is based on the company's Teeset gas main drilling machine.

Waterset has been tested up to 20 bar (300 psi) and is recommended for use up to 10 bar (150 psi). Insertion of ferrules for use up to 1 inch (25 mm) services and stems or nipples for use up to 2 inch (50 mm) services is possible into cast iron, ductile iron and into steel and asbestos cement mains from 3-12 inches (80-300 mm) in diameter.

If required, ancillary equipment is available for the larger sizes of main and special undercarriages and saddles are available for work on polyethylene or u-PVC mains.

Minimum water loss during drilling and tapping is ensured by an ingenious valve. In the base of the Waterset, plus a pressure vent and headlock device which prevents the head being removed while still under pressure.

Wask Engineering, Glywood Screws and Fastenings, Woodhouse Road, Keighley, West Yorkshire BD21 5NA. Tel: (0535) 605681.

MATERIALS

Looks like leather

USING THE same technology that was used for the development of its water vapour permeable synthetic leather, Porvair is now producing an unfinished permeable polyurethane foil also for use as a leather substitute.

Formed from a thin layer of Porvair material which is laminated and finished to a woven or non-woven textile backing by the customer, Permair is supplied with the appearance of glacé leather, and can be fashioned into covering for luggage, handbags, shoes, etc. It is available in thicknesses of

0.5 mm to 0.7 mm and a metre in width.

Produced in roll forms up to 200 metres in length, main colours are brown, black or white but other colour shades are available depending on the size and order, from Porvair, Estuary Road, King's Lynn, Norfolk PE30 2HS.

Developing nations with a shortage of leather, but with indigenous textile industries capable of producing the backing for Permair, could now create their own shoe upper and luggage material industries, suggests the company.

INSTRUMENTS

Accurate sound meter

TRADITIONAL sound level meters do not have sufficient dynamic range or a fast enough response time correctly to indicate transient or impact noise. They often do not warn the operator when a result, measured in these circumstances, is incorrect.

This limited response to impulses becomes even more serious when integrating functions are included, because the errors are additive throughout the measurement.

New standards are currently being proposed that will lay down minimum requirements for instruments used in areas of impact or transient noise. Those instruments capable of correctly handling impulses will be given a peak category classification and traditional meters will remain in the non-peak classification.

CEL-193 precision impulse integrating sound level meter from Computer Engineering will meet the proposed new standard. The new instrument has a crest factor of 68dB and will correctly measure noise pulses lasting less than a millisecond. Any of the three time constants specified in current sound level standards—fast, slow and impulse—can be selected and, in addition, a peak setting used in conjunction with the maximum hold facility enables the absolute maximum level of an event to be measured.

A three-position slide switch allows the result to be displayed in terms of either equivalent continuous noise level, single event noise exposure index or peak weighted average. A 60dB linear scale is provided and a pushbutton selects either the 30dB above the indicated start of the range to be displayed or the 30dB below. The starting point of the range selected is shown in a window on the scale pan and can be advanced in 10dB steps. The total measurement capability is 23-155dB or 13-130dB if the CEL-190 high-sensitivity microphone is specified.

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IN BRIEF

- Contract worth £350,000 has been won by Linford Building Group for the renovation of 34 terrace-style council houses in Small Heath, Birmingham.
- A £1m contract in Peterborough has been won by Robert Watson and Co. for steelwork for a new phase of advance factory construction at the city's Orton Soutgate industrial estate.
- J. Webb (Construction) is to build 40 dwellings in Ferry Street, London E24, for Circle 88 Housing Trust. Contract is valued at £270,132.
- Three contracts totalling over £190,000 awarded to Mears, are for a road at Laira for Plymouth City Council, a marina basin at Evesham, Worcester, for Leisure Marina Services and two pumping stations at Helston, Cornwall, for the South West Water Authority.
- Under a £155,000 contract from the Lower Trent Division of Severn-Trent Water Authority, the General Descaling Company will retape 20,000 metres of 100 mm to 200 mm diameter cast-iron mains in the county.
- Modernisation schemes costing about £1m are under way at the Rosebale bronze factory of Polycroft Castings and Forgings which centres around the installation of the 'Whitehall' Street foundry of two six-tonne-coreless melting furnaces.
- Hunting Gate is to design and build a new retail store in Grays, Essex, for the Harris Queensway Group on the junction of the town's London Road and Mainstone Road.
- Worth £220,274 a contract has been awarded by Warrington Development Corporation to Thomas Ashley (Northwich) for preliminary works at Chinnon Brow, Cheshire. The contract covers schemes to build 117 rented dwellings.

Wang is now recognised as the largest worldwide supplier of screen-based word processing systems and the second largest supplier of small business computers in North America.

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WANG

COMPUTER AND WORD PROCESSING SYSTEMS

METALWORKING

Production of big fabrications

GCB Industrial Services of Pinner, Middlesex, has been appointed sole UK sales agent for the Dutch fabrication company Tankfabriek-Koolman NV, one of the foremost manufacturers in Europe of pressure vessels, heat exchangers, air coolers, jacketed and stirred vessels and columns.

Tankfabriek-Koolman has separate manufacturing facilities for stainless and carbon steel vessels at Papendrecht and Geertruidenberg in Holland. Stainless and special alloy vessels are fabricated up to a maximum size of 10.5 metres diameter by 35 metres long to all international codes, and vessels in carbon steel are manufactured up to a maximum size of 7 metres diameter by 45 metres long.

Also at Geertruidenberg is a plant for the production of dished and flanged heads up to 4 metres diameter by 25 mm thick with heat treatment facilities for both heads and complete vessels.

The UK agent is at 542, Usbridge Road, Pinner, Middlesex. 01-968 7394.

SECURITY

Will lock from afar

AN ELECTRIC mortice dead-lock which can be remotely operated from an 112m away as far as the 16666, 16700, from the Bova Security Group, 24-25 Dean Street, London W1V 5AP (01-493 4536).

The unit comprises the lock assembly, contacted striker plate, switch control panel and a low voltage dc power supply unit. It requires no permanent current to maintain itself either in a locked or unlocked condition and remains closed under highly repulsive activation.

مکان من الشیخ

THE MANAGEMENT PAGE

Terry Dodsworth reports on the French Ferodo car components group, now flexing its international muscle with the aid of Government-inspired liaisons which have drawn in Lucas of the UK

French victor which must live with detente



SOME of the most striking aspects of modern French industrial policy have been displayed during Ferodo of France's meteoric rise into the first ranks of the European motor components industry. These preoccupations are centred on France's ambition to create companies with an international scale of operations. The country will be vulnerable, it is argued, if it does not develop businesses which can export vigorously, keep abreast of the best of modern technology, and produce at internationally competitive costs.

The process of growing into being one of these chosen industry leaders began for Ferodo almost 10 years ago. At that time, it was already an expanding company, making plenty of money as it was dragged along in the wake of the rapidly expanding French motor industry. It was probably the largest indigenous French group in the components sector. But it was in no way a force to be counted in the world industry.

In trouble

Then one of the medium-sized French electrical component businesses, SEV-Marchal, came on the market. The company was in some financial trouble, and its owners, the Marchal family, were proposing to sell out to Bosch, the German vehicle electricals manufacturer—already one of the dominant forces in the European industry. The stage was thus set for Government intervention.

At about this time the French authorities were beginning to look hard at the possibilities of reconstructing the motor components sector. This was partly because the vehicle manufacturers, then becoming a world force in their own right, were concerned about the costs

of their component supplies. But it was also clear that France was falling behind in the race to create motor suppliers of world dimensions. In both the UK and Germany, companies were emerging of sufficient size to compete with the American giants. In France, the sector remained extremely fragmented.

In a typical response of the French bureaucracy to such situations, the search was launched for a home-grown company capable of taking Marchal on and turning it round. Ferodo was chosen, not because it had expertise in electrical equipment—its main business was in clutches and radiators—but because it was the major French company in the components sector. It knew the industry, had links with the vehicle manufacturers and, it was presumed, had the management expertise to take a trip on Marchal.

This was the kind of offer which a French company finds difficult to refuse. Ferodo was not particularly keen at the traditional interests in brake lining and clutch production.

"It was only with some hesitation that we eventually agreed to the takeover," says M. Andre Boisson, chairman of the group. "We knew we had a difficult task ahead of us. It was a company with an out-laid range, little capital and limited management. We had to renew the range, reinvest and inject new men from Ferodo."

Ferodo received no financial help from the Government—"we were rich at the time," says Boisson. But the authorities played a key role in the takeover by effectively blocking Bosch's bid for Marchal. They refused to grant the approval which is necessary for overseas companies to invest in France, leaving the German company with a limited, pre-acquired



M. Andre Boisson, chairman of Ferodo—"co-operation between an English and French company is perfectly possible."

stake, but not control. After each held 50 per cent of the financial interests in SEV-Marchal were regrouped in a holding organisation controlled 70 per cent by Ferodo and 30 per cent by Bosch—just 3.3 per cent short of the percentage which gives a blocking minority of shares in a French company.

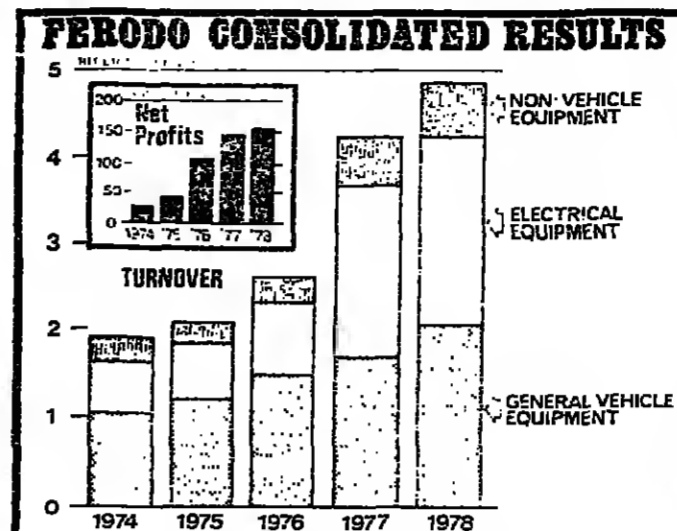
The Ferodo-Marchal fusion was step one in the industry reorganisation programme. Step two came six years later in 1977, when the Paris-Rhone/Cibie group, another cluster of merged vehicle electricals manufacturers, was looking round for a partner. Once again, Ferodo was the obvious match.

Step three Ferodo into the now celebrated imbroglio with Lucas of the UK over the future of Ducellier, the other large French vehicle electricals producer. This extremely complicated takeover battle was dragged through the French courts, ended with an agreement under which the

French and British groups will each hold 50 per cent of Ducellier. In other words, Lucas has a blocking minority in Ducellier, which could cause Ferodo problems in its general reorganisation strategy for the industry; but, at the same time, the British company has not got the all-out control it was seeking.

Pressure

The Ducellier case once again illustrated the determination of the French authorities to arrive at a rational reorganisation of the industry. Just as at Marchal six years earlier, they were able to put pressure on the foreign bidder by failing to give the necessary investment approvals. When asked what pressure the Government brought to bear on the Ducellier situation, Boisson gives a transparently discreet answer: "The Government was at the origin of the creation of a French electricals industry



strong enough to survive world competition. Ducellier was the final step in this strategy."

How the French and British companies manage to settle their differences and work together in Ducellier still remains to be seen. But it is clear that Ferodo has now arrived at the last significant move in the internal reorganisation of the French motor electricals industry. The country can in future boast a producer which approaches the size of Lucas in the UK or Bosch in West Germany, and which has a spread of products right across the range of electrical equipment.

Whether this means that Ferodo is also comparably strong in international competition is another matter. At a financial level, competitors tend to argue that Ferodo's returns are still very average for the industry: its net profits last year amounted to only FF 154m (\$27m) on a turnover of FF 4.5bn (\$1.2bn). But success also depends on other factors, such as the steps that are being taken to strengthen the product base and move into world markets. Boisson explains the company's strategy in the following way:

First of all, in terms of finances, it expects results to improve as the electrical companies which have come into

the company are fully absorbed. The group has gone through a period of rapid growth through acquisitions which can only be expected to produce returns over the longer term: first of all, the products have to be integrated and rationalised.

Secondly, in certain product areas, the group is already in a powerful position. Ferodo's output breaks down into two main ranges of equipment—the products which were made by the original company as it existed up to 1970, and the electrical components which are grouped in the separate SEV holding organisation, in which the parent company has a majority stake. The group is currently stronger in its traditional products, basically related to the friction materials which were first licensed to it in 1923 by Herbert Frood of Derbyshire. In this area, apart from brake linings, Ferodo makes the Verto range of clutches which are among the most well-established marques in Europe.

This side of the business also includes Sofica radiators, heaters and air conditioners, a division which has received a big boost in recent years following its development of a cheap aluminium radiator. Output has been growing by 20 per cent a year.

Under SEV, there are three main divisions, Cibie, making lights, and Marchal and Paris/Rhone manufacturing the standard range of electrical products. The star of this sector is unquestionably Cibie, reckoned to have about 30 per cent of the European market, and one of the fastest growing companies in an industry which has been rationalised extensively in the last decade.

Thirdly, the group is already beginning to make its mark on the international scene. In Italy it employs about 1,500 men and produces virtually the full range of its equipment; in Spain it makes lights, clutches, heaters and windscreen wipers; in Germany it has a fairly wide spread of manufacturing and in the UK it is moving to move into clutch production. Further afield, it also has footholds in Brazil and Argentina.

These product and marketing developments, however, are only regarded as a beginning by Ferodo. The company will be faced in the next few years, Boisson argues, by increasingly tough competition, partly because the period of rapid growth has vanished for good in the motor industry, and partly because of market standardisation.

"The motor industry has now taken on a world dimension. There is no room for new vehicle producers, and those that remain must have a grip on as many markets as possible, including Eastern Europe. We cannot escape from the same law as the manufacturers. One is condemned to have an international policy."

So how will Ferodo face up to these pressures? First, says Boisson, it will try to diversify more. This policy takes it back to the late 1960s, when about 18 to 20 per cent of its output was in non-motor activities. Since the absorption of the electrical companies into the group, this ratio has gone down to 10 per cent, but hit by bit Ferodo is now adding new interests. These include building industry products and a specialised heavy transmissions company, SOMA.

Secondly, it will have to consolidate its position in some key components. This is particularly true in several of the electrical products, where it has not yet

displayed the technological or manufacturing strengths which it has shown in, say, lighting equipment and radiators. These limitations explain the importance of the Ducellier acquisition. On the one hand, it links Ferodo with a company which has a relatively strong position in the fast-developing electronics sector; on the other, it will make available much improved manufacturing economies. Forty to 50 per cent of the average French car is made by component producers. We must be as competitive in series production as the American or Japanese manufacturers if we are to get prices down."

Development

Thirdly, it needs to continue the development of its overseas network of interests. This is particularly important in the US, where the size reduction in American cars is leading to a miniaturisation of components which gives Europe an opening not likely to crop up again. Companies like Ferodo know only too well that they will face a new wave of US competition in components in the next five to ten years as the American competitors learn to make smaller products. So they aim to get in first: Ferodo has already made the decision to start a radiator manufacturing plant in the U.S., and is aiming to start manufacturing clutches as well.

The biggest question for the group now, however, will be whether it can draw full advantage from its link with Ducellier. The strategy of both the Government and the company makes it important that Ducellier weighs in on the international scale. But the level of integration Ferodo can achieve will depend to a large degree on Lucas.

The only thing that can be said with certainty on this problem is that Ferodo has plenty of experience of the English. Ever since its foundation by Ferod in the UK, it has run a joint research deal with the UK company, and it still has a Ferodo representative on its Board. "Which goes to show," says Boisson, "that co-operation between an English and French company is perfectly possible."

EXECUTIVE HEALTH

Exam stress: for parents

BY DR. DAVID CARRICK

MANY TIMES I have written on stressful factors which can be deleterious in the health of executives. Domestic problems have been discussed but I have never considered those educational problems encountered by offspring and heavily shared by parents.

An old, hot chestnut, calculated to aggravate the young, is the lofty observation: "When I was your age, everything was far more difficult." In one major respect, this claim is totally false these days.

I refer to school examinations, which seem to be far more difficult in every respect than they were 25 years ago. Many of the subjects are absurdly complicated and frequently obfuscated by ambiguity—something carefully avoided in earlier days. As an example of this I would quote from an "O" level paper on that nebulous subject sociology: "What has affected fertility since the Second World War?" The student had to presume that human fertility was in ques-

tion, not that of birds and bees. Assuming the former, then the correct answer should have been: "Nothing." The examiner would not have liked that; but just because he was incapable of understanding English, he had no right to assume that the wretched examinee had to deduce that, for fertility he should read birth-rate.

What has this to do with the health of executives? A great deal, because, during the period of an offspring is preparing for these exams, many students attempt to obtain help and elucidation from their parents. If, as the result of teaching methods, or because the query involves astonishingly recondite knowledge, no help can be given, then the parent suffers from the stress born of false inadequacy, as he feels that he has failed his children and thus lost face forever.

As for the exams themselves, some parents acerbic the result in a state of chronic trepidation. My daughter took three "A" levels recently (having obtained "O"s in diverse subjects). One of these was mathematics, with which I could not even try to help. Another was English literature, which was expensive in the multitude of books required, and I am afraid that my interpretations of questions set were always at variance with those who were supposed to be teaching her; so I soon learnt not to interfere save only to encourage her to go along with the weird notions propounded by these mentors.

But with Human Biology, surely I should have been of assistance. Wrong again, because of my naive belief that the subject involved meant what it was called—a study of the human, living body from the anatomical, biochemical and physiological angles.

Alas for human frailty! The examination paper did not confine itself to reason. A few of these proper sections were covered; but there were other questions far removed. The girl had worked very hard and had just penetrated the outer suburbs of knowledge; but she could hardly have expected to be faced with questions on bacteriology, pathology, venereology (there being no fewer than seven questions on gonorrhoea and its complications), surgery, forensic medicine, paediatrics etc. And there was even one stunner concerning heat-regulation in old Darwin's dilemma, the duck-billed platypus!

Had she passed I would have been dismayed. As it is, I can but praise her efforts that put Hercules to shame. Other parents may not be so placid. To them I suggest that they turn their stress into constructive anger and attempt to direct the authorities into the path of sanity for their own sakes and for those of their children.

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McLEOD RUSSEL

1979 Highlights

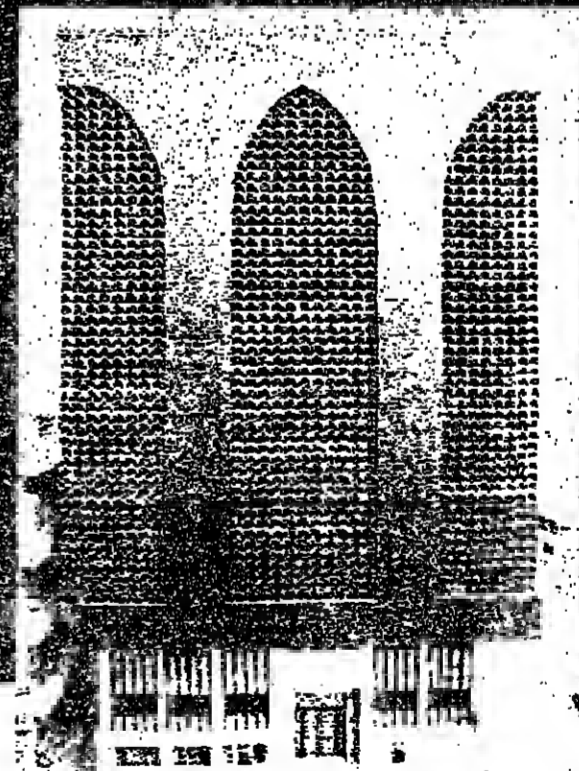
Salient points on the year to 31 March, 1979 by Sir John Brown, The Chairman

- * During the year Arthur Edge & Co. Limited was acquired while the purchase of a part of the Pinnerwood Park Estate has just been completed.
- * It is proposed, subject to Indonesian Government approval, to develop a substantial area in oil palms in that country.
- * Brenchley & Co., Limited has installed a 5-colour rotary gravure printing machine of the latest design and has moved to new and larger premises in the Southampton area.
- * Significant increase in excess of market value of listed investments over cost thereof.
- * Tea companies performed well but results were affected by higher taxation and disappointing prices realised through availability of surplus supplies on Indian market consequent on the fall in exports due to the levy of export duty which, however, has now been removed.
- * With the prospect of increased exports of quality teas at acceptable prices the Directors look forward with cautious optimism to a satisfactory year for the Indian businesses notwithstanding increasing costs while results outside India should show some improvement.
- * The continuing strength of sterling will, if sustained, affect the value of repatriated rupee funds available for redeployment.

COMPARATIVE RESULTS	1979	1978
Turnover	£000's 18,256	£000's 21,293
Group profit before taxation	4,177	8,522
Taxation	3,296	6,284
Profit after taxation and minority interests	624	1,912
	p.	p.
Earnings per Ordinary share	13.25	45.21
Ordinary dividend	13.60	13.50

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THE ARTS

shmoolean Museum

John Tradescant's Ark by ROY STRONG

Visiting the Ashmolean Museum in Oxford, we always find one of life's genuine pleasures. And, in my case, it is not only for the joy of seeing again the haunting "Night Hunt" or the poignant Pre-Raphaelite pictures but to contemplate the astounding carved bric-a-brac that once formed part of John Tradescant's Ark of Rarities of Lambeth during the decade of Charles I's Personal Rule. These, the main used to be assembled in the room at the end of the great staircase to the paintings galleries, piled to cases that flanked Tradescant family portraits, all of middle class professional people in modest bourgeois dress, being upstaged by the work of that assertive herald, Elias Ashmole, swagged in elver and silk and festooned with a regal golden chain. He was who saw to it that Tradescant's name was never detached to the museum. But it was always the case that material that intrigued most. There was the armour-plated hat worn by Bradshaw when he pronounced sentence on Charles I. There was Guy Fawkes' lantern looking decidedly the worse for wear (recently supplied by his wife, Julia Trevelyan Oman, for the appropriate Tussaud tableau). Giordano's gloves, used with Henry VIII's stirrups and Charles I's spurs made a strange posthumous encounter with those of John Hampden. But over and above the personal memorabilia of the great there were the ethnographical objects: South American clubs, Chinese lanterns, a Buddha, Burmese manuscripts, Russian boots, a Tartar saddle, a Moluccan shield and the star turn, the mantle worn by the father of Princess Pocahontas.

Up until last year this collection scattered here and there had more than a faint air of abandonment, as though plying demanded its display as much as aesthetic sensibility called for its immediate storage. But now all that has changed and many generous donors, in the main

Americans have brought about the creation of The Tradescant Room, in which the atmosphere of the original Ark has been skilfully recaptured. It is a small paneled room, as surely it would have been in Caroline Lambeth, the showcases let into the walls. There is more logic and labelling in the random pile-up of clutter, but it still purveys the impression of an antiquarian Antiochus. A pair of leaded windows in the style of the period flank the portrait of the creator. In all, John Tradescant the Elder, grey-headed and bearded, wearing a skullcap and framed by a baroque cartouche hung with swags of the fruit and flowers that he had introduced to this country.

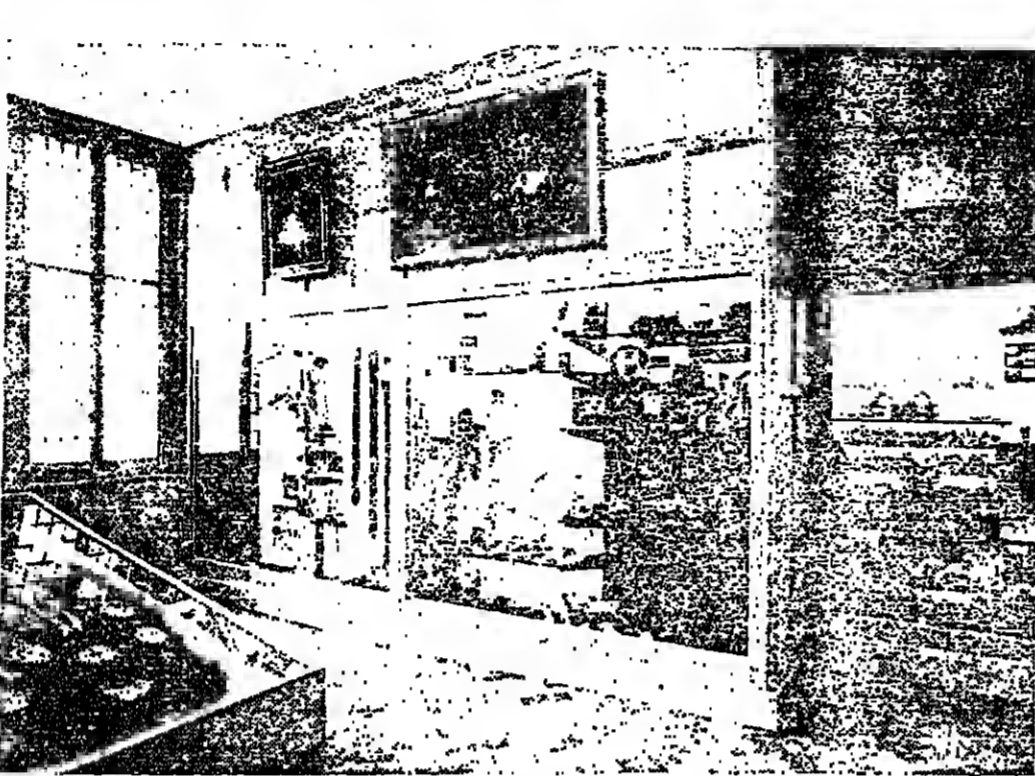
John the Elder was a gardener or, to be more accurate, a plantsman as against a Suffolk stock and first came to prominence purchasing rarities for the great garden of Robert Cecil's new house at Hatfield early in James I's reign. Many were his journeys to and from France and the Low Countries that this entailed. Later he entered the service of the favourite, George Villiers, Duke of Buckingham and finally became gardener at Oatlands to the King and Lily Queen, Henrietta Maria. During the 1630s he went to Virginia "to gather all rarities of flowers, plants, shells, etc." At any rate by the 1630s he and his family were well established in their showplace house in Lambeth. This is how a visitor describes it:

"In the meane tyme I was invited... to view some rarities at John Tradescants... there were many things which day in and day out were seen and especially, such as hee had gathered together, as beasts, fowle, fishes, serpents, wormes (reall, though dead and dried), pretious stones and other Armes, Canes, shells, feathers, etts. of sundry Nations, Countries, forme, Colours; also diverse Curiosities in Carvelinge, paintinge, etts, as 80 faces carved

on a cherry stone, Pictures to be seen by a Cylinder which otherwise appeare like confused blots, Medals of Soudrey sorts, etts. Mureaux a little Garden with divers outlandish herbes and flowers. . . . The last we cannot experience at the Ashmolean and would that we could magically be transported at an instant from that Room to Cranborne Manor where the present Lady Salisbury has miraculously created a tiny box garden filled with all the plants that she can identify that once grew in the famous Lambeth garden.

For the collection within and without are interrelated, for both are expressions of late renaissance man's curiosity about the physical world, one whose horizons were being expanded at an alarming rate, combined simultaneously with

an equal awareness of the past which, in the classical tradition, is rather the opposite for it epitomises man's ability to subject everything to his intellect, to categorise it, label it, admire it, be struck by wonder at it but, at the same time, place it firmly into the orbit of himself. In England up until the Civil War that world was still a totality, a universe permeated by occult influences and correspondences. Elias Ashmole, who inherited the collection, and bequeathed it to the University of Oxford, believed even more strongly within the hermetic tradition as it stemmed down from the Elizabethan magus, John Dee, via Robert Fludd. The creation of the Tradescant Room triumphantly acknowledges the uniqueness of this heritage and enables us to make a rare voyage of the mind.



The Tradescant Room at the Ashmolean Museum, Oxford

Oxford Playhouse

The Country Holiday by MICHAEL COVENEY

Goldoni's "Villeggiatura" trilogy of plays (1756-1761) were presented in Venice in successive weeks just before the playwright left the city for ever. They remained comparatively unknown and unperformed until, in 1978, Giorgio Strehler directed an edited version of all three in a single six-hour production. The plays were immediately recognised as a cornerstone of the European comic tradition, full of vitality, social comment and psychological profundity.

In March this year, the Glasgow Citizens presented a version that was streamlined even compared with Strehler's. And now, Gordon McDougall at Oxford, with his co-translator Barry Russell, offers a perfectly coherent and acceptable version in which *Le Smanie dello Villeggiatura* plays for 55 minutes; *L'Avventura della Villeggiatura* for 50 minutes; and *Il Ritorno dello Villeggiatura* for 30 minutes.

The production is coherent rather than inspired, the trilogy emerging despite, rather than because of, the way they are handled. Two households in Livorno are preparing for the summer vacation in Montenero. In one, the impoverished Leonardo is racked with jealousy, for the daughter of his neighbour, Filippo, is clearly in love with somebody else. Filippo is trying to get everyone organised but is hindered by Giacinta's demand for more

money to complete her wardrobe. Filippo, in turn, owes Fulgenzio, an old friend, a considerable sum and, as a result, is under pressure to accept Fulgenzio's suit for Giacinta on behalf of Leonardo. Giacinta's dowry is the attraction for Leonardo and Giacinta's secret devotion to Guglielmo (who is snatched into the holiday coach) is doomed in the over-riding atmosphere of economic expediency and social obligation.

If you think that sounds complicated, I had better not proceed with details about the sponging-fop-in-Leonardo's-house who pursues Filippo's widowed sister in hope of a "settlement," nor mention Giacinta's sprightly maid who boasts, to no avail, of her "good points and dowry" in company with Filippo's servant at Montenero.

In the character of Giacinta, Gordon created a marvellously complex and affecting role which is soundly occupied by Louise Jameson. The point about all these mercenary liaisons is that they are strictly bound by the marriage conventions, so there is that strange limbo of semi-commitment to be carried off the double, the fiancée between the signing of contracts and the blessing of the church. In that position, Giacinta has some poignant speeches of doubt and frustration that are well managed by Miss Jameson. She is trapped, too, into suffering a badly arranged coupling with Guglielmo with Leonardo's sister, Vittoria.

In the second play, all these developments are played out to the course of a day in Filippo's villa beautifully segmented by meal times and the famous card-playing scene. We have lanterns, candles and a shadow play, the sudden contrivance of the elderly brother and the mundane reminder of Giacinta to the servant that, while hearts may be broken, there is no money to waste on superfluous effects of illumination.

The evening is full of high spirits and an accumulating sense of a hard-bitten society under the analyst's microscope. Apart from Miss Jameson, the best acting contributions come from the elderly brother and sister routine of Tenniel Evans and Elvi Hale. The stage has been happily transformed into a thrust, but the designs of Michael Knight are a little frail and two-dimensional for the solidity of the events they are supposed to complement.

British Olivetti sponsor opera

British Olivetti will sponsor Musica Nel Chiostro's production of *Orontea* by Marc Antonio Cesti on September 28 at Riverside Studios, W6. All proceeds from the performance will be donated by the company to the Venice in Peril Fund. There will be two public performances of *Orontea* at Riverside on September 28 and 29 at 7.30 pm.

Coliseum

La traviata

John Copley's six-year-old production of *La traviata*, now staged by Hugh Holliday, returned to the Coliseum on Friday night. Inevitably, alterations in casting have brought changes of detail and emphasis with them, but much of the original conception remains, while David Walker's handsome sets and opulent costumes impose their own unity of style. The cast, mainly familiar, is splendidly even and might have been destined with the express purpose of demonstrating the English National Opera's present strength. But opera—especially Italian opera—needs stars as well as fine teamwork, and in Valerie Masterson the company has a pearl whose lustre has grown steadily more effulgent during the last few years.

Her performance of Violetta, always intensely musical and so convincingly portrayed, has gained an even sweeter command of the florid music and shows a deeper understanding of the emotional content of the role. Looking appropriately frail in her vast crinolined dresses, she moves very gracefully, but her chief means of expression is naturally her voice; with it she conveys each facet of Violetta's tortured character through Verdi's marvellous music. The husky, magical ending to "Ah! fors è lui" is followed by a glittering account of "Sempre libera". Miss Masterson is most sympathetically partnered by John Brecknock as Alfredo; he too conveys each aspect of Alfredo's dramatic aspects of the music equal power and expressive-

ness, and in his moody scenes with Violetta is able to match her flexibility of voice, style and mood. Patrick Wheatley, as the elder Germont, does not attempt much in the way of characterisation, but wins understanding if not affection for Giorgio by the security and warmth of his singing. Both tenor and baritone are allowed the cabaretta to their respective second-act arias, and in each case the inclusion is dramatically justified, though the sentimentality of Giorgio's "No, adrai rimproverci" — at least in Edmund Tracey's English version — are extremely tiresome.

Angela Bostock makes an ample-voiced, generous-hearted Flora; Shelagh Scutres extracts every drop of feeling from that gem of character roles, Annias, and Federico Ercole does the same for Doctor Grenvil, another rewarding part. As Baron Porphyr, Malcolm Rivers is just wooden, but the majority of baritones who take on that cardboard figure, while John Kitchener's Marquis d'Obigny is more sensible than most, complaisant, clearly nobleman. Alan Woodrow, a central caston, together with the chorus in its various disguises as gypsies and metaphors of Flora's party, are enviously enthusiastic—I presume the lack of professionalism here is intentional. The conductor, Noel Davies, shapes the Preludes sensitively and keeps good ensemble; on occasions he could allow his singers, in particular Miss Masterson, greater latitude for phrasing and rubato.

ELIZABETH FORBES

The Tent

Playground by CLEMENT CRISP

Kenneth MacMillan's new Playgroup for Sadler's Wells Royal Ballet finds the choreographer working at his most intense in studying the human psyche. The ballet is a disquieting piece making no concessions to conventional attitudes of airiness and bodies beautiful. Instead, it offers distress and violence of spirit, yet because it treats of a human condition without romanticising or judging its subject, it also achieves a harsh uncompromising beauty. The classic dance is taken a further step along a path of truthful precision in revealing depths of feeling and suffering.

The playground of the title is a brave naturalistic design by Yolanda Sonnabend, a wire-meshed courtyard more prison than place for games. Behind it we see the walls of an institution with barred windows and a mural of caricatured figures. At curtain-rise, we see the inmates of a mental hospital grotesquely got up as children, their games making a macabre comment upon their wounded personalities. As with television play last year, the device of adult performers cast as children sharpens the implications of grown-up relationships. In *Playground* the fantasy achieves a further dimension since some of these supposed children are also playing at being adults, and all are commenting upon their inadequacies by reverting to an irrational childishness.

Certain figures stand out; a vicar (Stephen Wicks); his wife (Judith Rowan); a girl who daubs herself with make-up (Marion Tait); another inmate who assumes the identity of the girl's mother (Siobhan Stoeley).

Their play-acting is dislocated, and informed by that satiric observation that is sometimes found in the activities of the mentally distressed. Outside the enclosure a young nun (Desmond Kelly) watches, then enters the playground. For all his apparent normality, we sense, through Kelly's remarkable interpretation, the violence that is suppurating just below the surface of his personality. He is attracted to the girl, and they embark upon a mad-dance which conveys the extreme tension of their feelings. The girl is driven through excitement into an epileptic fit — a haunting choreographic tour de force — and her collapse occasions another game as her companions mourn over her apparently dead body.

The young man is attacked by the rest of the cast. At this, three white-coated doctors enter and the man is restrained in a strait-jacket. Playtime is over. The patients doff their children's clothes, put on institutional garb and leave. The girl is the last to go. In a scene of one of the unforgettable images by Marion Tait, she stands, riven with grief, hands drawn down her tear-stained face to smear the make-up that has been her erstwhile identity. She trails away. Kelly, strait-jacketed, lies abandoned as the playground gate closes. Kneeling, head against the gate, he seems like Petrushka beating against the door of his cell. I saw *Playground* at both its performances at the week's end, and I record that it is heart-rending as well as disquieting. It is sustained, inspired, by an exceptionally theatrical score from Gordon Crosse, the *Playground* which he wrote for the Halle

Orchestra two years ago. It is music that is spirit, varied in emotional colour, and ideal as partner in this drama of the mind. MacMillan's style owes something to the manner of his *My Brother Sam*. *Playground* is even darker in mood though warmed by a compassion for the human delicta it studies. The reverberance of the characters and their relationships makes the piece far superior to any mere observation of madness. It is not shocking for the sake of sensationalism, and it never sinks into the sentimentality of the film *One Flew over the Cuckoo's Nest*.

Our understanding of the characters is "free." I incline to the view of Kelly as the most chilling figure, a maniac who escapes from confinement for a brief, dangerous and pitiless moment, an Orpheus whose descent into hell is permanent. I suspect that the choreographer intends the seemingly rational figures of the doctors to be their inmates. The aspect of psychotherapy in the behaviour of the rest is obvious, but fascinating by reason of the levels of role-playing which take them increasingly far from reality. At a time when the SWRB has never seemed a more cohesive ensemble, every praise is merited by the entire cast, Siobhan Stoeley, Stephen Wicks, Judith Rowan are very fine. Desmond Kelly, marvellously suggests the menace and sadness of the young man's personality; and Marion Tait is confirmed as the most gifted dramatic ballerina the Royal Ballet now possesses. In *Playground* she gives a performance in which sensitivity of expression in dance and acting wonderfully combine.

Sadler's Wells

Napoli by CLEMENT CRISP

The last act of *Napoli*, that cascade of tarantella steps and folk dance, is one of the most stimulating and heart-lifting sequences in all ballet. It comes as the culmination of Bournoville's truest masterpiece, and as danced by Scottish Ballet last Thursday the company is at the Wells until the end of this week! It had the proper festive ring to it.

Napoli is Bournoville's homage to the Italy he loved, as with many of his works it was the fruit of direct observation which he marvellously transmuted into dance. The ballet can be seen as a sequence of genre pictures, reflecting mid-19th century taste for local colour—a quayside scene is followed by an exercise in high romantic lyricism in the Blue Grotto which in turn yields to a portrayal of peasant festivity. What controls and shapes these incidents into the matter of a wonderful work of art is Bournoville's dramatic skill and his sensibility of feeling.

As revived for Scottish Ballet by Paul Giffitt, *Napoli* retains all the spirit of a masterly ballet; dramatic, exciting, and dance and dance are subtly interwoven, and the tale of true love triumphant both convulses and delights. I do not find that the Wells stage offers all the space needed for the expansion of either its mimetic or dance ingredients, and some of the finesse of the Bournoville style is missing, but the spirit is right, and that is what really counts.

Leading the cast were Elaine MacDonald as Teresina and the company's Hungarian guest Gyula Harangozo as Gennaro. MacDonald is a dear heroine, delicate in playing the difficult scene when she is transformed into a heretic, and bringing a lovely lift to her dancing in the last act. Harangozo makes an effortlessly charming Gennaro. In the famous mine sequence at the end of Act 1, when he grieves over the supposed death

of Teresina, he shows a total involvement with the young fisherman's emotions; it is full-blooded playing, and his dancing has this same ardent enthusiasm. For the vitally important character roles of macaroni seller and lemonade vendor, street singer and accordion drummer, Scottish Ballet produce artists of the right weight and maturity.

In the last act's explosion of joy, the whole cast is alert, vigorous, and two male soloists—Kit Lethby and Vincent Haotam—seize every technical opportunity with true Bournoville flair. In scale the production may seem domestic, but there are merits in this approach as we know from the company's fine *Sylphide* and their original *Giselle*. What impresses throughout the staging is that Bournoville is not betrayed, and *Napoli* remains what it has always been with the Royal Ballet—an expression of the joy and nobility of Bournoville's genius.

Arts news in brief

The veteran comedy *Not Now, Darling* by Ray Cooney and John Christie will open at the Savoy Theatre on November 7. There will be previews from October 31. The company will include Leslie Phillips, Terry Scott, June Whitfield and Sylvia Sims, and Ray Cooney himself will direct.

Whose *Life Is It Anyway?* is to close on October 27 after a run of 20 months.

Alan Strachan, artistic director of the Greenwich Theatre, has announced seven new productions for the 1979-80 season. It opens on September 29 with *The Passing Out Parade* by Anne Valery. Set in a wartime

ATS camp, the cast is all female. I Sent A Letter To My Love by the Banker prize-winning new musical *Bernice* by Rubens, opens November 1 with Rosemary Leach in the lead. Goldsmith's *She Stoops To Conquer* follows on December 13.

The New Year sees a new comedy by Michael Frayn, *Liberia Inland* (January 24); a revival of Noel Coward's *Fruit of Lires* (March 6); *Dancing in the Dark* (April 17), a musical entertainment devised by Beony Green and Alan Strachan, based on the music of Broadway composer Arthur Schwartz; and finally, opening May 29, a revival of Shaw's great comedy of Anglo-Irish relations, *John Bull's Other Island*.

A Viking gold arm-ring found by a young woman on her honeymoon last year has been bought by the British Museum. The arm-ring, which dates to the 9th to 11th centuries AD, is of Scandinavian Viking origin.

It was found last October by Mrs. Kay Creasey on the beach at Goodington near Torquay, Devon, while collecting shells. At the subsequent inquest it was declared not to be Treasure Trove and was therefore returned to Mrs. Creasey. The arm-ring was sold for £6,500 at Sotheby's in July when it was purchased on behalf of the Museum. It is now on display in the Museum's Early Medieval Room.

SOCCER BY TREVOR BAILEY

Gunners still far from greatness

ANYONE WITH the good fortune to see Arsenal play Manchester United in the best, and most exciting FA Cup Final for years, and the misfortune to be present at their next encounter at Highbury on Saturday has cause to be mystified.

Where has all that talent gone? How could two such accomplished teams give, in perfect conditions and on a splendid pitch, such an undistinguished performance, short on class, imagination and devoid of goals? It was as if the summer break had been entirely unproductive and that both clubs had deteriorated, rather than making the expected improvement. Arsenal and Manchester United are two of the most respected and powerful clubs in England: well run, well supported, wealthy and with real tradition behind them. They want—and their supporters expect—success on the scale of their halcyon days, when they were undisputed among the elite in the football world. Although both have acquired honours in recent years with teams which have

been effective or good they have missed out on greatness, despite being close on occasions.

The Gunners' side which achieved the double exemplified effort, efficiency and economy but was short on imagination and panache. When Manchester United burst back onto the First Division scene in 1975-76 with some of the most exhilarating attacking football for years, and almost carried off the double, they needed only maturity and a little more height to have been a great team, while the cup-holders were only two or three players short last season.

In their efforts to find the formula to put them into the same category as Liverpool and Nottingham Forest, Manchester have expended a large fortune in transfer fees and Arsenal have spent much effort last summer convincing their young home-grown products, who are on the threshold of stardom, that they will be financially better off at Highbury than anywhere else. Can this season see the London and Manchester sides making their way to the very top, instead of being almost there? On the evidence of that

goalless, often soulless, draw on Saturday, the answer is a definite no.

At their best, the Gunners and United are capable of high-calibre football, but this was in short supply during their latest meeting, which contained an immense amount of scurrying hither and thither at breakneck speed by what looked like well-dressed, animated, red and white robots. Nobody seemed capable of stamping his personality on the game and taking charge by changing the tempo, showing some arrogance, or doing the unexpected.

Obviously Arsenal missed the talent of Alan Brady, but no team can afford to be so dependent on one individual for their effectiveness and expect to reach the heights. He leaves such a large gap because the reserve cover appears to consist of hard running, all-purpose, young utility players.

A midfield quartet of Rix, Gating, Talbot and Hollins does not represent championship material as it is too honest and too obvious. The fact that they were able to put pressure on their opponents during the second half indicates that Man-

chester United have also some way to go before they can hope to become an outstanding footballing force, as distinct from a competent one.

What is missing? Manchester United have bought a tall, strong central defender, McQueen, and big brave centre-forward, Jordan, providing them with that missing height in defence and attack. They have also recently acquired Wilkins from Chelsea, an old-style inside forward who has played so well with England, but contributed little against Arsenal. It will obviously take him some time, probably a couple of months, to become acclimatised to his new surroundings, where he finds himself employed as the right-hand inside member of a midfield foursome with two basic winners on each flank.

In his efforts to avoid making a mistake, Wilkins attempted no-line ambitious and was no more impressive than a run-of-the-mill performer. Although his ball distribution was accurate, it was not predictable, while he will find goals hard to score if he does not enter the opposing penalty area more often.

TENNIS by John Barrett in New York

Strongest-ever fields for U.S. title

NOT SURPRISINGLY the fields for the 12th U.S. Open Championships which begin today at the U.S. Tennis Centre in Flushing Meadow Park are the strongest ever, with only a handful of European clay court players choosing not to compete on the fast asphalt courts, which do not flatter their type of game.

Apart from the world record prize money of \$553,600 (\$11,220 more than last year) with \$29,000 each to the two winners, there are personal scores to settle among the leading contenders that will add to the tension, neither retaining the Wimbledon champion, Bjorn Borg of Sweden and the self-exiled Czech Martina Navratilova, Czech won singles titles here.

Borg has lost three times in four years to the leading American, Jimmy Connors, his closest rival for the No. 1 world ranking and only man to have won the U.S. Open on three surfaces—grass (1974), clay (1975) and asphalt (1978). Miss Navratilova has never reached a final. In 1975 she was a semi-finalist, and was beaten at the same stage again last

year by the then 16-year-old prodigy Pam Shriver. Defending her title and going for a fifth successive win is the formidable U.S. No. 1 Chris Evert-Lloyd. On Sunday Mrs. Lloyd did her confidence no harm by surviving narrowly against the best young American, Tracy Austin, aged 16, who led 7-6, 6-2 in their final at Bergen County, but who turned back was ultimately beaten 6-7, 6-1.

No woman has won the U.S. Championships five times running and Mrs. Lloyd shares her current record with Molla Bjurstedt (1915-18) and Helen Jacobs (1923-35).

The draw has posed problems for several favourites. Top seed Borg faces a prospective third round match against Italy's No. 15 seed, Adriani Panatta, who last year here was two points from victory against Connors in a fourth-round match rated best of the championships. If he survives, as he should, Borg's designated quarter-final opponent is the fifth seed, Roscoe Tanner, who so nearly upset his fourth consecutive Wimbledon win in that breathlessly exciting five-set final. In

these conditions of fast court fast fiery ball, Tanner has just the game to bring down Borg. Assuming he survives, the Swedish next face, Vitas Gerulaitis, the fourth seed, who has never beaten him in tournament play.

First the American No. 2 must account for the newest international star, Victor Pecci. The tall, dark Paraguayan is another big hitter who in the final of the French championships caused Borg to declare at one stage that he was scared of losing—something I had not heard Borg say before.

In the lower half, the No. 2 seed Connors appears to have a much less difficult path to the semi-final, but there he is expected to face John McEnroe, the brash 20-year-old New Yorker, who threatens to oust him from the No. 1 U.S. ranking. In draw order seeds are expected to meet as follows: Borg v 15 Panatta; 14 Tim Gullikson (US) v 5 Tanner; 3 Gerulaitis v 10 Jose Luis Clerc (Argentina); 12 Wojtek Fibak (Poland) v 6 Pecci; 6 Guillermo Vilas (Argentina) v 9 Eddie Dibbs (US); 16 John Alexander (Australia) v 3 McEnroe; 7 Harold Solomon (US) v 13

Gene Mayer (US); 11 Brian Gottfried (US) v 2 Connors.

In theory Mrs. Lloyd's draw is easier than Miss Navratilova's if only because fate has thrown the player they both fear most, Tracy Austin, the No. 3 seed, into the lower half with the former Czech.

Virginia Wade, seeded 4, is thus expected to beat Wendy Turnbull, the No. 7 seed, from Australia, to face Mrs. Lloyd in the other semi-final.

Perhaps the best of the fast court players inside Miss Navratilova, the Australian four-times finalist Evonne Goolagong has been drawn to play Mrs. Lloyd in the quarter-finals, a match she will hardly resist. In draw order seeds due to meet are: 1 Evert-Lloyd v 16 Betty Stove (Netherlands); 14 Wade v 12 Regina Morikova (Czechoslovakia); 9 Billie Jean King (US) v 7 Turnbull; 6 Dianne Fromholtz (Australia) v 15 Ann Kiyomura (US); 11 Kathy Jordan (US) v 3 Austin; 8 Kerry Reid (Australia) v 13 Sue Barker (GB); 10 Greer Stevens (SA) v 2 Navratilova.

The endangered countryside

BY ANTHONY MORETON

The saddest outrage

LORD MOUNTBATTEN was the most distinguished and the most universally admired of all the many hundreds of victims claimed by Irish terrorism in the last decade.

Hesitating over the BP sale

SELLING PUBLIC sector assets to private investors has been a cornerstone of the Government's financial strategy since the election.

scarcely relevant to national security. North Sea oil is already subject to a number of laws which in practice give the Government total control over its use in conditions of national emergency.

A Third World dilemma

IS THE SOVIET bloc the "natural ally" of the non-aligned movement, as Cuba maintains, or is the idea of linkage with any power bloc a flat contradiction to the letter and spirit of the movement?

Anachronism

In this process the collective power and influence of the third world is bound to increase—but so will the problems caused by its own internal rivalries.

WHEN THE Government announced recently that it was to allow further exploration for oil to take place in several parts of Britain the cries of anguish from those seeking to protect the countryside were loud in the land.

The fear is that even larger areas of rural Britain will be nibbled away. Farm land equivalent to a county the size of Berkshire is lost in England every six years.

The figures are startling. In the decade to 1974-75, the last year for which statistics are available, an average of 55,700 acres of farmland were lost every year.

Earlier this month Consolidated Gold Fields dropped a £75m scheme to mine potash at Wbitry in the North York Moors National Park.

The conflict between those who want to protect our countryside as an essential part of our heritage and the needs of industry is an issue.

BNOC's future

The Government already has extensive powers to regulate the development and use of North Sea oil.

Farmers in many parts of the country have good reasons for getting rid of hedges, and fields are made much bigger in consequence.

Men and Matters

Rabbinical row over West Bank

The stalemate in the Middle East peace talks over the rights of the Palestinians has provoked an open split within Israel—between the country's two Chief Rabbis.

Novel promotion

At a moment when the publishing world is finding its profits harshly squeezed, the New Fiction Society is doing its bit to help novelists.

across the Sussex downs, cooling towers in the Oxfordshire countryside and hydro-electric schemes in Snowdonia.

The threat from industry is indeed not the only one. Farmers root up hedges which have been in existence since the Middle Ages and, unencumbered, put up silos and barns oblivious of the visual consequences.

FARM LAND LOSS table with columns for England, Scotland, Wales and years 1965-6 to 1975-6.

pasture and heathland ploughed. A fifth of Exmoor has been ploughed up in the past 25 years; and recently the Nature Conservancy Council complained to the Ministry of Agriculture about the decision to give a grant for draining part of West Sedgemoor on the Somerset levels.

A farmer's viewpoint

BY JOHN CHERRINGTON

IT WAS never certain whether hedgerow trees were planted deliberately or just came into the hedges by accident.

Some areas have never had them. The chalk downs do not favour the growth of thorn or even hazel, and hedges have never been a feature of that landscape.

There is also quite a bit of colour in modern crops. Chardock may be harvested in April, but rapeseed is being increasingly grown, and for a month in the summer this crop will blaze yellow against the green of the growing wheat and barley.

Sticky problem

The holiday sun was shining yesterday on the Channel Isles, and the tourists were strolling, frolicking and fling down chewing gum as is their wont.

Language loan

A London rag-and-bone man whom I encounter from time to time has just nailed a new sign to his cart, proclaiming: "Sid's Take Away."



British Gas's 140-ft exploratory rig last year at Wyche Farm in Dorset where it displaced a corner of Britain's diminishing countryside.

The way in which industry, local government and commercial undertakings continually take small bites into the countryside may not seem very important.

But man himself is doing his best to destroy those parts which industry cannot reach, either by thoughtlessness or by sheer weight of numbers.

What saves so much of rural Britain from their ravages is two factors. The first is British conservatism. It has been estimated that on a typical ordinary family venture no further than 32 yards from its car, picnicking in a car park or by the side of a main road appears to be a highly popular pastime.

The concept of national parks is often assailed from both sides. It is frequently claimed that they place restrictions on those living in them; alternatively, it is often alleged that they have insufficient powers to protect their areas.

Areas of outstanding natural beauty are smaller, came into existence later, in 1956, and now total 33. Heritage castles were an even later addition, the first in Sussex being designated in 1973.

Heritage coast is a good name. Bodies such as the Countryside Commission, the Nature Conservancy Council, and the Rural England (Wales) and its own body are all seeking to preserve the countryside; and this includes the coast, because they realise it is indeed part of the heritage to be passed on to our successors.

But supposing oil had been found not deep under Wyche Farm in beautiful Dorset but bang in the middle of St James's Park or Hyde Park in London? How many would then have said that it would be in the national interest to put up a rig to allow lorries to churn across the grass, to uproot the heritage to be passed on to our successors.

Campaign for Real Ale? What's in it for me?

Basically, the chance to keep drinking the Real Ale you obviously enjoy! CAMRA is the organisation that's kept Real Ale available—and a powerful voice in demanding that it stays available too.

Lord Grade is pictured in living colour on his own, apart from a giant Havana and a looking unusually meek, without a Havana—meeting the Pope, to whom he is seen presenting recordings of ATV religious programmes.

Even the ATV area of the Midlands is singled out for some fulsome praise, as if its association with Lord Grade has given it a special cachet: "The compulsive spender of this demi-paradise," reads a seductive come-on to television advertisers, "blow over 10bn quid between them during the course of a year."

Language loan: A London rag-and-bone man whom I encounter from time to time has just nailed a new sign to his cart, proclaiming: "Sid's Take Away."

Registration form for CAMRA with fields for Name, Address, Telephone, and other details.

Observer

Vertical text on the right edge of the page, including "THE END" and other fragments.

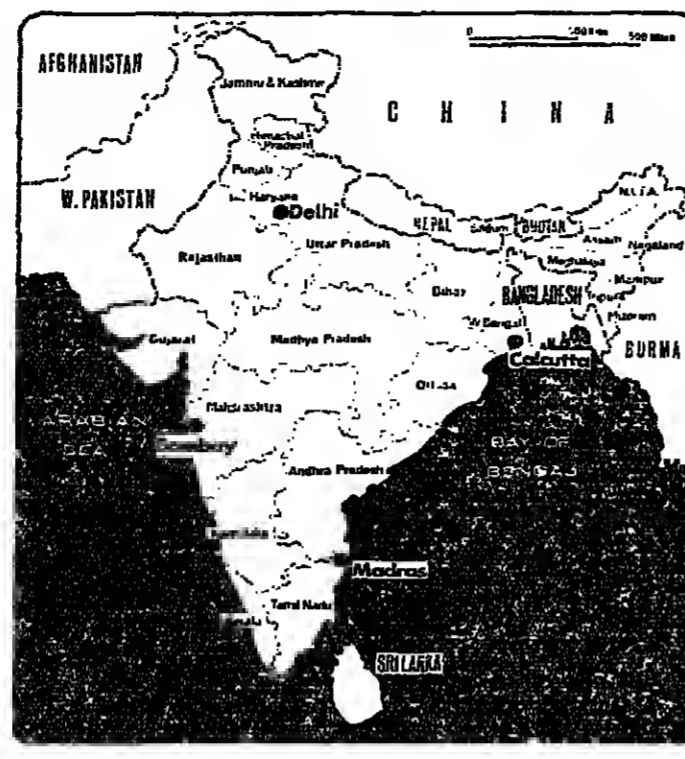
The cost of political opportunism

FOR THE indomitable Mrs. Indira Gandhi the wheel has almost turned full circle. Her followers have already launched the slogan "Call back Indira, save the country."

When the Janata Party trounced Mrs. Gandhi's Congress Party in the 1977 elections, there was widespread euphoria over the end of a rule of a decade and a half which had lasted for 30 years. This was heightened because of what was thought to be an enlightened electorate's commitment to democracy and its rejection of Mrs. Gandhi's authoritarianism.

Small, cottage and rural encouraged decentralised industrial growth and rural employment, and a new priority for agricultural growth gave fresh hope to farmers. But even Janata stalwarts now admit that what was done was very far from fulfilling the expectations of the people.

The main reason for the collapse of the Janata experiment—a combination of five disparate parties that never managed to merge—lay in its inability to shake off the traditional methods and manners of India since the general power politics which had plagued India for Congress's 30 years of rule, forced the leaders to give secondary importance to the country's major problems.



Several factors combined to bring down the Janata Government and its 24-day successor, the Janata (Secular)-Congress coalition. On the one hand were manoeuvrings of individuals, factions and parties. On the other was a belief that an early General Election would be held since it was becoming increasingly clear each day that the Janata party and Government would not survive its full term to 1982.

Both issues are neither unreal nor unimportant since the problems of sectarianism and caste have long caused social and political tensions that have divided the Indian people. What is disquieting is the opportunistic manner in which the politicians exploited them.

Among the younger politicians, the greatest fall was that of Mr. George Fernandes, the former militant trade unionist who seemed to have had a remarkable success as Minister of Industry. In one week, he demolished his image by a piece of opportunism that was breathtaking. He stoutly defended Mr. Desai in Parliament one day and went over to Mr. Charan Singh the next to stand on the side of Mrs. Gandhi whose bitterest opponent he had been.

When Mr. Charan Singh and his followers left the Janata Party and formed the break-away Janata (Secular) Party a month ago, the phenomenon of defections arrived on the national scene. The defectors tried to make a distinction between a party split and a defection. But the politicians stand exposed: events have shown how weak are their convictions.

East and North-East, the Marxists have emerged all powerful and it is unlikely that they can be challenged by any of the national parties in such states as West Bengal, Tripura, and Assam. In the south the regional parties are even smaller, giving their allegiance either to single individuals (for example, Mr. Devraj Urs in Karnataka) or a local group (like the Dravida Munnetrakazham in Tamil Nadu, which climbed to power on a language issue).

The new development in the past 28 months has been the strengthening of regionalism and regional politics. In the

party of Mr. Charan Singh and his Congress partners in the coalition he managed to form. This Congress group is opposed to Mrs. Gandhi but its image has been tarnished by the alacrity with which its leaders joined Mr. Charan Singh, whom they had bitterly attacked until just a month ago. Its rank and file is disillusioned but the party has a base of sorts in the south since local leaders in Karnataka and Andhra find it expedient to belong. Talks on an actual merger between the Janata (Secular) party and this faction of the Congress are in progress.

The third is Mrs. Gandhi's Congress faction. Reduced to a virtual nonentity after the 1977 election, the former Prime Minister has surprised everyone by springing back to political life despite, and possibly because of, her claims that she is being persecuted and prosecuted on concocted charges by her political rivals. All the attempts of the Janata Government to tarnish her charisma have failed. By her stubborn refusal to apologise for her emergency misdeeds and her violent counter attack on the performance of the Janata Government, Mrs. Gandhi adopted a strategy that proved highly effective.

Indeed, by being instrumental in and possibly responsible for toppling both the Desai and Charan Singh governments, Mrs. Gandhi has once again proved that she has few peers in tactics. She can point to the mess her successors have made to suggest that she alone can rule the country. It seems scarcely credible that India will turn to her again, especially as she makes no secret of the fact that she comes complete with her food stocks and substantial foreign exchange reserves. But inflation has reared its ugly head for the first time in three years—and it is running at 15 per cent—and to tackle this needs immediate decisive action.

Issues
The issues that the elections will be fought on are difficult to identify, although both Mrs. Gandhi and Mr. Charan Singh say they are the champions of democracy and secularism while the Janata Party says it will not yield to authoritarianism.

Unreal

Personal rivalries—first those between Mr. Morarji Desai and Mr. Charan Singh and then between Mr. Charan Singh and Mr. Jagjivan Ram—dominated the political scene to the exclusion of other issues. Starting with what now seems an unreal quarrel over "secularism" as it manifested itself on the issue of Hindu nationalist Jana Sangh's links with the para-military Rashtriya Swayamsevak Sangh (RSS)—the issue has since receded into the background—it degenerated into a quarrel over caste politics. Mr. Charan Singh is a jet of a high-caste agricultural community and his antagonist was the Harijan (untouchable) leader of the opposi-

tion. Mr. Jagjivan Ram. Both issues are neither unreal nor unimportant since the problems of sectarianism and caste have long caused social and political tensions that have divided the Indian people. What is disquieting is the opportunistic manner in which the politicians exploited them.

The kind of political manoeuvring displayed in the past few weeks was until recently confined to state politics. For some 15 years, state governments have toppled like dominoes because of defections from parties by politicians. This became so acute that recently Parliament actually debated an Anti-Defections Bill which required deserting legislators to resign their seats and seek reelection. The Bill never became

Letters to the Editor

Registration of engineers

From the Technical Director, General Electric Company
Sir,—In his letter of August 17 the secretary of the Institution of Electrical Engineers welcomed General Electric Company's initiative in sponsoring an engineering degree course tailored to meet industrial needs.

It is unfortunate that he coupled this with a re-statement of views in support of statutory registration and reservation of "certain engineering work of particular significance to the community" to such registered engineers.

GEC is engaged on many projects which come within this definition, but we rely on the experience and responsibility of identified members of our engineering and scientific staff, and that of their opposite numbers in customers or approving authorities for such work, to ensure standards of performance and safety, rather than on a class of employees who by education and training would qualify for registration.

The only justification for registration of members of a profession is protection of the public. Engineers and scientists in manufacturing industry do not have a relationship with members of the public which would call for this, so that their registration and the commitment of their activities to the public would be a waste of time and money. We agree with you that there should be a progressive tightening of monetary policy, while the current high interest rates and pressure from the "corset" suggest that the PSBR is currently too high.

We thought our own preference for a tightening of financial policy next year was implied in our article but obviously this was not stated sufficiently clearly. We did not wish to put a precise figure on our preferred PSBR. Our main objective was to warn against excessive public expenditure cuts in a mistaken attempt to reduce next year's PSBR below this year's target regardless of the expected world slow-down. We believe that such a policy would be a serious error.

(Dr.) Alan Budd
(Professor) Terry Burns,
London Business School,
Sussex Place,
Regents Park, NW1.

Courses at all levels

From the Engineering Director, GEC-Murconi Electronics
Sir,—It was gratifying to read (August 17) of Mr. Gainsborough's welcome to the new degree course being developed jointly by ourselves and Bath University. The point he makes concerning the needs of the majority who are not so highly gifted academically is timely. We are hoping that the principles upon which the Bath course are based will be applied in ordinary degrees and the lower level courses designed for technicians. A knowledge of support technology is vital to all engineers operating in industry, whatever their academic level and whichever branch of product engineering they may choose.

I would agree with Mr. Gainsborough that the lower the academic level, the more appropriate it is for courses to become more specialised, but we need engineers at all levels who can act professionally to the benefit of themselves, their employers and of the community to which they belong. For that to happen they need a knowledge of all the factors outside the boundaries of a particular product discipline; without this their contributions are

likely to be technically interesting but costly to make and impractical in use.

This belief in the importance of engineers at all levels acting professionally is only one of the reasons why we do not favour the concept of registration that have been put forward by some interests to the Finistom Committee.

High Wassell,
GEC-Murconi Electronics,
Marconi House,
Chelmsford, Essex.

Too many cuts a mistake

From Dr. A. Budd and Professor T. Burns

Sir,—While we accept that the misunderstanding is partly our own fault, we would like to correct the impression given in your leading article of August 24 that we advocated an increase in the public sector borrowing requirement in 1980-81 of £34bn. Our original proposal was £28bn (August 23) but even further and due to an arithmetic error suggested this would imply a figure of £134bn.

Our analysis (subject to normal forecasting error) concluded that an increase in the PSBR of £34bn would lead to the same monetary stance as 1978-80 after allowance for inflation and the expected recession. We did not, however, say that this was the correct policy. We agree with you that there should be a progressive tightening of monetary policy, while the current high interest rates and pressure from the "corset" suggest that the PSBR is currently too high.

We thought our own preference for a tightening of financial policy next year was implied in our article but obviously this was not stated sufficiently clearly. We did not wish to put a precise figure on our preferred PSBR. Our main objective was to warn against excessive public expenditure cuts in a mistaken attempt to reduce next year's PSBR below this year's target regardless of the expected world slow-down. We believe that such a policy would be a serious error.

(Dr.) Alan Budd
(Professor) Terry Burns,
London Business School,
Sussex Place,
Regents Park, NW1.

Direct labour organisations

From the Deputy Director, Aims of Industry
Sir,—News that yet another local authority direct labour building organisation (DLO) has been severely criticised by the Government's auditor emphasises the importance of the Government's proposed legislation to control DLOs and to reduce local government waste. It would be extremely damaging to the economy if this latest attempt to deal with such a long-standing scandal in public sector management failed to achieve its objectives.

productivity. A large discrepancy between losses admitted by the DLO and the higher figure stated by the architects indicates how little control a council has over direct labour operations. Yet the leader of Great Council favours expanding the direct labour force.

This and many other cases of direct labour failures demonstrate how much legislation is needed to establish proper machinery compelling these organisations to justify their existence by showing that they produce value for money. The Government's proposals for legislation based on the 1975 report from the Chartered Institute of Public Finance and Accountancy (CIPFA) go a considerable way to meet this need. There will, however, have to be a clear financial yardstick for DLOs to meet and Government power to deny them further finance if they fail.

Some reports of the Government's intentions unfortunately create the impression that the CIPFA report was accepted by the construction industry. As the Government's own announcement makes clear, the industry considered it "a useful basis for action." It is only a basis and without significant strengthening, legislation based on the report would be as ineffective as direct labour reforms attempted 10 years ago. A great deal of public money has been lost since then.

Malcolm Hoppé,
Aims of Industry,
40, Doughty Street, WC1.

Executive perks

From the Director-General, British Institute of Management

Sir,—I was interested to read David Freud's (August 24) comparisons on executive perks world-wide. There is no doubt, as the Government's discussion document admits, that the habit of offering fringe benefits (most of which are taxed in some way) to attract and retain skilled professionally qualified managerial staff has grown rapidly. It, as David Freud states, British companies appear to lead the developed world in the provision of fringe benefits to employees, there is a very good reason for this. Namely that the growth has been brought about under a system whereby salary increases have been restricted by pay policy and incomes have become highly taxed.

Equally there is no doubt that adding a lot of fringe benefits to a salary is not the most efficient nor satisfying way of remunerating managers. There is a good case for paying people proper competitive salaries and ensuring that taxation allows them to keep and spend as they wish a higher proportion of their salary.

allowed absence when sick, longer holidays, death in service insurance, accident insurance, free medical check-up, free convalescence and so on. All sensible developments in employee policies. How will these be dealt with? If travel is to work by car, air and rail for those in those industries? Concessionary coal? The subsidised season ticket? It is a very complex situation.

The level where a company car, for instance, is most appreciated is that of a middle manager and unfortunately it is this group that has suffered most with narrowing of differentials and the combined effects in pay policy, high taxation and inflation in the last five years.

It is regrettable that this move on company cars has, by its bad choice, had the unintended effect of raising the tax at a time when so much support and encouragement is needed, especially because most managers recognise that there is a case for reviewing the whole field of fringe benefits. A piecemeal approach can only lead to the emergence of more anomalies. What is needed is a comprehensive approach, a better understanding of the whole complex field by Government, trade unions and management; the development of an overall policy, and time to implement it as the Government's own programme of tax reduction develops.

Roy Close,
Management House,
Parker Street, WC2.

Fringe benefits and tax

From Mrs. C. Dunn

Sir,—Your correspondent from the Institute for Fiscal Studies (August 22) rightly drew attention to the fallacy of "grossing up" the taxable value of benefits in kind. He is also right when he says that the taxable value of a fringe benefit should never exceed what it would cost the individual to provide it for himself. But he fails to mention that under existing tax laws many of the common fringe benefits—namely cars and cheap loans—are assessed in purely nominal sums upon directors and higher-paid employees and not at all upon those employees whose earnings, including benefits, do not exceed £8,500 a year.

Only as regards a very limited range of benefits is an individual taxed on a sum which corresponds closely to the amount he would need to spend from his own pocket to secure those same benefits. Thus only when all benefits enjoyed by all employees—not merely directors and higher-paid employees—are assessed on this basis will it cease to be advantageous to take part of a remuneration package as fringe benefits. Despite the Inland Revenue's consultative document that day is a long way off.

Today's Events

UK: Association of Scientific Technical and Managerial Staffs and the Society of Civil and Public Servants launch a booklet and a campaign demanding QUANGOS against current attacks.
Clerical and administrative staff strike closes 1000 London magistrates' courts.
Mr. Alasdair Milne, BBC TV managing director, and Mr. Bill Cotton, controller of BECI,

present autumn season programmes.
Overseas: Mr. Walter Mondale, U.S. Vice-President, in Peking for talks with Chinese leaders on economic and trade issues.
U.S. Commerce Department, Washington, publishes July trade figures.
COMPANY RESULTS
Interim dividends: H. Brammer

and Co. Fairclough Construction Group, IMI, MacFarlane Group (Clansman).
COMPANY MEETINGS
See Financial Diary on Page 18.
EXHIBITIONS
International Motor Cycle Exhibition, Earls Court (until September 1).
Images of the Industrial Revolution, organised by the Ironbridge, George Aitken, Royal Academy of Arts, Piccadilly (until November 17).
LUNCHTIME MUSIC, London
48 Preludes and Fugues by Bach, played by Harold Dexter, St. Botolph Aldgate, 1.00 pm.
Works by Bach, Stanley, Mozart, Langlais and Bonnet, played by Andrew Leach (organ), St. Lawrence Jewry next Guildhall, 1.00 pm.

How to make sure the builders finish before the grants do

If you're contemplating a new building in any but the most depressed parts of Britain, you have about 18 months to get it up before the regional grants are drastically cut—or disappear altogether.

Plenty of time? Not when you remember that if you go about it the conventional way you'll spend a third of it getting tenders in.

For Bovis, though, it is time enough. For one thing we don't tender. There is a better way for you to make sure you get value for money, and it doesn't waste time either. It is called the Bovis Fee System, and we shall be happy to explain it to you any time you like.

We not only get onto your site far sooner, but we work faster when we're there—and that's another claim we shall be happy to substantiate. It rests on our management skills; management is Bovis's great contribution to a contract, and it has won us a reputation for prompt delivery which we are determined to keep.

So if you want to make sure you don't miss out on a grant, talk to Bovis. The number is 01-422 3488 and the man to talk to is John Gillham.

Bovis Construction Limited,
Bovis House, Northolt Rd, Harrow, Middx, HA2 0EE. Tel: 01-422 3488 Telex: 922810
Please send me details of your services

Name _____
Company _____
Address _____
Tel: _____

Bovis

Dowty to expand by acquisitions

FURTHER acquisitions must be sought by the Dowty Group, particularly in the United States, Sir Robert Hunt, the chairman, tells shareholders in his annual report.

This is because of the need to expand, to develop strong manufacturing bases to remain competitive and to take full advantage of the real growth over the next decade in alternative energy development and aerospace.

The chairman says the additional capacity will ensure a growing outlet for the group's technical effort, product development and the base units on which the group's systems rely.

In the year ended March 31, 1979, profits before tax improved from £25.04m to £31.19m on turnover of £236.7m, against £188.4m. CCA profit is reduced to £23.4m after adjustments for depreciation, £2.4m, cost of sales, £6m and £0.7m in gearing.

As reported, the chairman says further growth in turnover and profit is expected for the current year and the general trend is upwards.

A further year with a positive cash flow has maintained the strong balance sheet achieved in prior years and the group remains in a good position to continue the high rate of capital investment, the chairman says.



Sir Robert Hunt, chairman Dowty Group

MFI forecasts further profit growth in current year

A SIGNIFICANT improvement in profits is anticipated by MFI Furniture Group for the current year, says Mr. A. C. Southon, the chairman, in his annual statement.

He says there has been a good start to trading this year with sales in the first two months running well ahead of the corresponding period last year, considerably above the increase in selling area.

As already reported, pre-tax profits surged by 162 per cent to £13.58m for the year ended May 26, 1979, on sales 59 per cent higher at £27.47m. A special interim dividend of 3p makes a total payment of 3.732p (0.732p) net. A one-for-one scrip issue is also proposed.

The chairman says he remains confident of further successful progress into the 1980s.

A current cost statement shows an adjusted taxable profit of £13.08m (£4.64m for the 1978-79 year).

At the year-end, group net assets were up from £10.51m to £19.25m. Cash balances rose from £1.2m to £2.3m.

The auditors point out that the accounts do not comply with SSAP 12 regarding the provision for depreciation and amortisation on freehold and long leasehold properties.

Meeting, Woolley Conference Centre, September 20, noon.

UTD. CAPITALS INVESTMENT

The Board of United Capitals Investment Trust says it is cautious that shareholders suffer from the substantial discount in the Stock Market quotation as

Capital investment in fixed assets and tooling, etc. rose from £8.8m to £13.4m in 1979. A further £3.3m was invested in working capital. In spite of these considerable investments liquidity improved by £1.8m, and borrowing was reduced by £0.3m net.

The valuation of the group's freehold properties has been updated and the resulting surplus of £7.2m has been credited to non-distributable reserves.

It has been decided to recommend a one for one scrip issue and accordingly £33.4m has been earmarked for reserves for this purpose.

The production of equipment for "in-service" aircraft was maintained at a high level and will continue for some time to come, Sir Robert states. The rate of output for the Panavia Tornado increased substantially and is now the group's largest single programme.

In mining, record sales to the National Coal Board were achieved, and substantial contracts to China. In the U.S., manufacturing and assembly facilities were extended at Pittsburgh.

Home market demand for industrial seals and mouldings slackened in the second half but considerable growth was achieved in the U.S. and Canada, Ger-

Kennedy Smale sees midway fall

A FALL in both turnover and profit at Kennedy Smale for the half year to September 30, 1979, is forecast by Mr. A. M. Johnston, the chairman, in his annual statement.

He says the difficulties of the last three months of the previous year have carried over into the first quarter of the current period. To these are added the substantial loss of turnover and the high costs caused by the closure of the E.I.S. factory at Great Barr and its removal to Bilston.

Mr. Johnston states that it would be unwise to expect the whole of these losses to be recovered in the second half. However, the Board is confident and actively seeking opportunities to advance group interests.

As reported August 24, taxable profit for the March 31, 1979, year advanced from £400,724 to a record £574,557.

The company is an engineering concern with interests in control equipment and textile machinery.

Underwriting lift for Trident Genl.

Greater underwriting profits on outgrowing higher premium incomes are reported by Trident General Insurance Company for the year to March 31, 1979. Premiums amounted to £5m, compared with £7.9m in 1977-78, while the underwriting profits rose 12 per cent from £53,000 to £14,000.

The fire and accident account recorded a profit of £1.3m, but this was trimmed by an £500,000 loss in marine, aviation and transit business. Investment income was 58 per cent higher at £396,000 (£355,000). However, a £407,000 loss on investments and an exchange compared with a profit of £113,000, resulted in pre-tax profits falling to £973,000 from £1.1m. Surplus after tax was virtually unaltered at £489,000.

Mr. M. D. Moross, chairman, points out that this modest growth came from the running down of business in those lines which the company ceased to underwrite some time ago; progress has been "even more vigorous" in the chosen fields.

The solvency margin at the year end, amounting to 48 per cent, compared with 41.7 per cent at March 31, 1978.

A successful year is reported

Successful start for Skandia Life

A successful start to its operations is reported by Skandia Life Assurance, the UK life subsidiary of the Swedish Skandia Insurance Group. The company has received premium income in excess of £1m in the seven weeks since it started operations at the beginning of July.

The company markets its plans exclusively through insurance brokers and Mr. Mike Sullivan, the sales director, reports that initial sales levels have been "truly remarkable." Business had been placed by over 100 different brokers, many of them being leading firms.

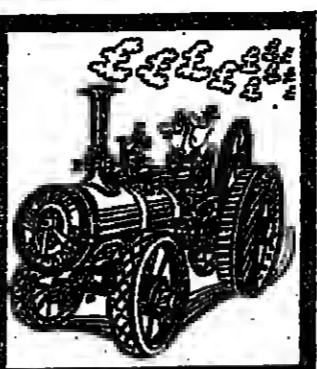
The company offers a wide range of linked life and pensions plans, including an inflation-linked flexible whole life assurance scheme.

KEARNEY AND TRECKER

Kearney and Trecker Marwin, the Brighton-based machine tool manufacturer, has now assumed management responsibility for Rovac Automation of Denton, Manchester, supplier of automatic handling and conveying equipment for the engineering industry. Both companies are members of the Vickers group.

This change has been made because the future development of Rovac is seen to be more closely allied to Kearney and Trecker Marwin's forward marketing strategy in the field of automation.

OTHER MEN'S JOBS: DAVID FISHLOCK ON TRACTION ENGINES



ALONG THE trim lanes of South Bucks, you will often meet an old steam engine—Burrell road roller or, if you're lucky, a Fowler showman's engine in all its golden splendour. It will be ambling along at about three mph.

The peak-capped crew of two will respond happily to greetings from other road users. Motorists normally respond with tolerance tempered by immense admiration for these relics of another industrial age.

In this part of the world, the chances are about five-to-one that the steam engine will bear the name T. T. Boughton of Amersham. This is a small, privately-owned engineering company which started in 1897 as agriculture engineers and contractors. It hired out steam engines to farmers for ploughing, thrashing or tree-felling; and, later, to road-makers and road-haulage companies such as Pickfords.

When Bernard Ruff, the works director, started work for T. T. Boughton, just 50 years ago, the choice of muscle for heavy work lay between steam and horse. From 1906, his father had been one of the company's engine drivers, and he too began work as a driver and engineer.

"They weren't good old days really," he reminisces. He had to rise at 4 am to get up steam. And when he had finished work for a farmer at 7 pm, he had another hour's work heading

his engine down for the night. Often it meant sleeping away from home in the caravan he towed behind his engine.

But when Bernard Ruff returned from the army in 1946, he found his beloved steam engines displaced by the diesel. The company had a field of relics that nobody wanted. It managed to sell a few to the groundnut scheme for ploughing in Africa, but for T. T. Boughton, the steam age seemed to be over.

The company shifted into earth-moving equipment, army vehicles, fire tenders, winches "for every known tractor." They began to cut up several dozen steam engines and sell them as scrap.

Yet the Boughton family still hankered after steam. One of them owned a magnificent Fowler single-cylinder agricultural tractor called Black Jack, built in 1897, which was a 21st birthday gift from his father. Black Jack was relieved. Round it the company has refurbished a flotilla of a dozen steam engines. No fewer than seven were on parade at a steam engine rally at Knowl Hill near Reading earlier this month. Black Jack itself took part in the Lord Mayor's Show in London last year.

T. T. Boughton today is the centre of a community of "steam buffs" known as the Chiltern Traction Club, whose members boast about 80 engines. They meet every month in the boardroom, and Ruff himself is their chairman.

There is no money in steam, says Ruff. "The problem with steam is that you work for an hour but talk for three. It's a terrible situation." Everything has to be custom-made, and every repair inspected and certified by the insurers.

So although he gets offered a great deal of work on old steam engines all over the country, he turns most of it away. It just does not fit in with today's engineering business.



Bernard Ruff tends to one of his engines

Left criticises Callaghan bid to win over unions

LABOUR Left-wingers have hit back at Mr. Callaghan's attempts to win trade union backing for his campaign to defeat proposals for reforms in the party's constitution.

In the latest issue of Labour Activist, the Labour Co-ordinating Committee claims that increasing the influence of activists in the party—favoured by Mr. Anthony Wedgwood Benn and other Left-wingers on the party's executive—would help the unions.

Without actually mentioning Mr. Callaghan, the committee refers to what it describes as a concerted campaign to drive a wedge between the trade unions and active Labour Party members in the constituencies.

It says that former Ministers have tried to convince unionists that the question of party democracy is irrelevant to central issues like jobs, but unions should not be fooled. "There is a direct connection between Labour Party democracy and the interests of ordinary trade union members."

The committee claims that the proposals for making the leader-

BRADY

INDUSTRIAL DOOR MANUFACTURERS

RESULTS FOR THE YEAR ENDED 31st MARCH, 1979

	1978	1975
Group Turnover	£2045	£2005
Group Trading Profit	19,247	17,312
Taxation	660	180
Deferred Tax written back (Credit)	245	23
Extraordinary Credits	(438)	Nil
Group Net Profit after Tax	46	Nil
Dividends Paid and Proposed	546	132
	114	

The Forty-Fourth Annual General Meeting of BRADY INDUSTRIES LIMITED will be held on 18th September 1979 in Manchester.

The following is an extract from the circulated statement of the Chairman, Mr. A. E. Ross Stewart.

The results for the year to 31st March 1979 show a distinct improvement on those of the previous year, the account being more profitable, which is in line with the statement made in the Interim Report.

The Door Manufacturing and Engineering Division and the Transport Division returned to profitability following further rationalisation and re-development. The Merchanting and the Litho & Letterpress Divisions made good progress and contributions to profit.

A dividend for the year of 3 pence per Ordinary and Ordinary A share is proposed.

Order levels are currently satisfactory though the Government's proposed cut back in the Public sector may affect the Building Industry and consequently the Door Market.

Letraset INTERNATIONAL

Letraset INTERNATIONAL

Benefits of Diversification

Following purchases of Stanley Gibbons International, J & L Randall and Thomas Salter, Letraset is consolidating major phase of diversification. Will benefit from additional flexibility and security.

Letraset INTERNATIONAL

Another Record Year

Profits before tax were up 42% at £10.5m. Earnings per share increased 16% to 19.26p. Total net dividend increased 20%.

Letraset INTERNATIONAL

Stanley Gibbons Record Stamp Purchase

£4.5m purchase of outstanding American collection—largest ever by rare stamp dealer—will have significant effect on trading. Potential for expansion considerably greater than initial expectations.

Letraset INTERNATIONAL

Prospects

Current year's trading at satisfactory levels. Recently announced rights issue will ensure that we are able to take advantage of substantial growth opportunities which exist for group.

Copies of the Report and Accounts are available from the Secretary.

Letraset International Limited
7 Apple Tree Yard, London SW1Y 6LD

Lower Perak Tin Dredging Berhad

(Incorporated in Malaysia)

Extracts from the Statement by the Chairman, Encik Junus Sudin

For the year ended 30th April, 1979

Past year's performance

Production for the first six months of the year almost matched that of the corresponding period in the previous year. However, during the second half of the year outputs were disappointing as the dredge continued to work in lower grade ground. Total production for the year was 4,531 piculs compared with 5,346 piculs previously. Consequently, in spite of the higher tin price obtained from sale of tin concentrate and higher interest receivable, profit before taxation fell sharply from £2,060,034 for the previous year to £1,558,436. With an exceptionally low tax charge, due to the issue of major dredge spares during the year, the profit after tax was \$991,401; an increase of 15.85% over last year.

Dividend

An interim dividend of 50 sen per share less Malaysian income tax was paid to shareholders on 31st January 1979. The directors do not recommend payment of a final dividend for the year just ended.

Developments during the year

Permas Charter Management Sendirian Berhad were appointed share registrars of the company in place of Messrs. Harrison and Crosfield (Malaysia) Sdn. Berhad with effect from 1st August 1978. The company's branch register in the United Kingdom was closed on 31st July 1978.

Projections for the current year

Throughout the current financial year the dredge will continue to operate in low grade ground. It is also planned to shut the dredge down during the last quarter for modifications to the treatment plant so as to achieve greater efficiency. Design work for this modification is currently in hand. Because of the poor ground and the planned shutdown production is expected to fall significantly. If the tin price does not remain at its current high level, it may not be profitable for the dredge to continue working in this low grade area of the reserves. Alternative dredging schemes are therefore being considered.

Copies of the Report and Accounts and Chairman's Statements can be obtained from the Registrars, Permas Charter Management Sendirian Berhad, P.O. Box 338, Kuala Lumpur 01-02, Malaysia, or the United Kingdom Registrars' office at Charter House, Park Street, Ashford, Kent TN24 8EQ, and 40 Holborn Viaduct, London

City of London Courier Service Ltd.

City—01-251 1333 and 1330, 01-253 9548
SE1 area—01-633 9233

Personal Courier Delivery of your vital documents

SAVICO MONEY FUNDS

Rates paid W/E 26th August, 1979

	Call	7-day
Mon.	13.834	13.985
Tues.	13.831	14.076
Wed.	13.820	14.097
Thur.	13.811	14.093
Fri./Sun.	13.817	14.025

LOCAL AUTHORITY BOND TABLE

Authority	Annual Interest gross	Minimum of interest payable	Life sum of bond
Barnsley (0226 208232)	12	1-year	250 3.5
Barnsley (0226 208232)	12	1-year	250 6-10
Knowsley (051 548 6585)	12	1-year	1,000 5.7
Redbridge (01-478 3020)	12	1-year	200 4.5
Redbridge (01-478 3020)	12	1-year	200 6.7

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross half-yearly. Rates for deposits received not later than 31.8.79.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	12	12	12	12	12	12	12	12

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 51 Waterloo Road, London SE1 8XP. (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFI and FCI.

مركز العمل

INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

Setback for Dutch papermaker

By Charles Satcheler in Amsterdam
DUTCH paper and board maker Koninklijke Nederlandse Papierfabriek (KNP) reports a slight fall in profits for the first half of 1979.

Currency losses hit Toyota Motor

BY RICHARD C. HANSON IN TOKYO

JAPAN'S LEADING car maker, Toyota Motor, reports lower profits for the year ended June last, but predicts an immediate return to growth with a forecast that earnings for the current year will rise by a fifth.

up a strong 21.2 per cent to 1,653,379 units as a result of strong sales promotion drives, and a favourable demand cycle.

Sales in the U.S. market have been particularly good in recent months because of American demand for smaller, fuel efficient cars, which has led to a running down of inventories in just over one month's supply.

Recovery at Commercial Banking

By James Farth in Sydney

COMMERCIAL BANKING (CBC) of Sydney has staged a dramatic recovery from its property-induced problems of recent years, to lift profits almost threefold from A\$7.7m to A\$23.17m (U.S.\$28.6m) in the year ended June.

Increased earnings from Sime Darby

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY reports another year of growth with group profits rising by 23.5 per cent to nearly 219m ringgit for the year ended June.

Milan bourse activity revives

BY PAUL BETTS IN ROME

THE MILAN Bourse—by far the most important component of the Italian stock exchange system—is currently enjoying a sharp revival of interest.

the Italian bourses remain a thin market. Investor sentiment has clearly improved, however. The recent formation of a government, ending a six-month long government crisis, the improvement this year of industrial output, and imminent financial reconstruction moves in a number of large groups, have boosted confidence.

Erindia, Bastogi, Rinascente, Pierroni, among others. In the case of both Pirelli and Snia Viscosa, major programmes for the financial reconstruction of the two groups are now under way, while there is insistent speculation of a new capital increase for Olivetti and Fiat.

Capital rise proposed by Rauma-Repola

By Lance Keyworth in Helsinki

AN AMBITIOUS capital spending programme coupled with an increase in capital is disclosed by Rauma-Repola in its half-year progress report.

Foreign upturn for Monier

By Our Sydney Correspondent

OVERSEAS earnings up 50 per cent has enabled Concrete Industries (Monier) to record an increase in profit for the year ended June 30.

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Pending dividends

Table with columns: Data, Announcement date, Amount, Date, Announcement date, Amount. Lists various companies and their pending dividends.

Peak result at Cullinan

BY JIM JONES IN JOHANNESBURG

CULLINAN HOLDINGS, South Africa's second largest manufacturer of refractories, the industrial and electrical parts division, reports record profits for the year ended June 30.

division is "proceeding smoothly." Cullinan's management is confident about prospects for the current year.

RECENT ISSUES

EQUITIES

Table with columns: Issue Price, 1979 High, 1979 Low, Stock, Offered Price, Dividend, Yield, P/E Ratio.

FIXED INTEREST STOCKS

Table with columns: Issue Price, 1979 High, 1979 Low, Stock, Offered Price, Dividend, Yield, P/E Ratio.

"RIGHTS" OFFERS

Table with columns: Issue Price, Latest Return, 1979 High, 1979 Low, Stock, Offered Price, Dividend, Yield, P/E Ratio.

Public Works Loan Board rates

Table with columns: Years, Effective from August 18, Quota loans repaid, Non-quota loans A* repaid.

INSURANCE BASE RATES

Table with columns: Insurance type, Rate.

BASE LENDING RATES

Table with columns: Bank/Institution, Rate.

CORAL INDEX: Close: 462-467

Table with columns: Investment type, Value.

I.G. Index Limited 01-351 3466. Three months silver 449.4-453.6

29 Lamont Road, London SW10 0HS.

J. Tax-free trading on commodity futures.

2. The commodity futures market for the small investor.

Brazil - THE OUTLOOK FOR THE 1980's

Rio de Janeiro - October 17, 18 & 19, 1979

H.E. Ambassador Ramiro Saraiva Guerreiro, Minister for External Relations, Brazil and M. Henri Simonet, Minister of Foreign Affairs, Belgium will be speaking at this international meeting to be arranged by the Financial Times, Varig Brazilian Airlines and Jornal do Brasil in Rio de Janeiro on 17, 18 and 19 October 1979.

The conference will assess the strategy of the new government and an impressive group of senior ministers and officials will be taking part.



For full details of the conference programme please complete and return the coupon below.

Registration form for the Brazil conference, including fields for Name, Company, Address, and Title.

Dow rises 7 points in buoyant early trading

Investment dollar premium unavailable because of the bank holiday. The stock market moved strongly ahead in active trading at mid-session after marking time last week.

563. Mesa Petroleum climbed 1 1/2 to 65 1/2. Mobil 1 1/4 to 44 and Superior Oil 1 to 50.2.

Also active, IBM gained 1/2 to 70 1/2. Asarc 1 1/2 to 25 and American Home Products 1 to 28 1/2.

Canada The market was higher in active trading as the Composite Index rose 6.2 to 1,675.9.

at CS23; gained 2, while Inco added 1 to CS24.

SwFr 100 at SwFr 2,525 but the non-voting shares went up SwFr 85 to SwFr 1,585.

with an entry point, have been disappointed by the market's refusal to back down in the face of (dism) economic news.

AMERICAN EXCHANGE prices moved sharply higher in active trading. The index rose 1.45 to 217.09 on volume of 2.16m shares.

Volume leader Loews Theatres warrants gained 1/2 to 35, tracking the advance of Loews Common which added 1 1/2 to 66 1/2 on the New York Exchange.

Germany Dealers said liquidity is abundant with banks channelling bank excess deposits at Bundesbank into the interbank market.

Tokyo Shares priced closed higher with the Nikkei Dow Index at 17,588 points closing at 4,608.11.

Belgian share prices were mostly lower to quiet trading. Tessenderlo, Fluotremeur and Arbed rose, while Sidra, Union Miniers, FN and Cockfield fell.

NEW YORK

Table of stock prices for various companies in New York, including Abbott Lab, Am International, and others.

Stock

Table of stock prices for various companies, including Control Data, Cooper Industries, and others.

Stock

Table of stock prices for various companies, including Johnson Johnson, Johnson Control, and others.

Stock

Table of stock prices for various companies, including Williams Co, Weconam Elect, and others.

Stock

Table of stock prices for various companies, including Abitibi Paper, Agnico Eagle, and others.

Stock

Table of stock prices for various companies, including Asahi Glass, Asahi Chemical, and others.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange data, including series, volume, and price.

TEL AVIV

Table of Tel Aviv stock market data, including company names and prices.

HONG KONG

Table of Hong Kong stock market data, including company names and prices.

NEW YORK-DOW JONES

Table of Dow Jones index data for New York, including high, low, and volume.

STANDARD AND POORS

Table of Standard and Poors index data, including high, low, and volume.

N.Y.S.E. ALL COMMON

Table of N.Y.S.E. All Common index data, including high, low, and volume.

MONTEAL

Table of Montreal stock market data, including high, low, and volume.

JOHANNESBURG

Table of Johannesburg stock market data, including high, low, and volume.

FRIDAY'S ACTIVE STOCKS

Table of Friday's active stocks, including company names and price changes.

STOCKHOLM

Table of Stockholm stock market data, including high, low, and volume.

OSLO

Table of Oslo stock market data, including high, low, and volume.

JOHANNESBURG

Table of Johannesburg stock market data, including high, low, and volume.

MINES

Table of Johannesburg mines stock market data, including company names and prices.

INDUSTRIALS

Table of Johannesburg industrials stock market data, including company names and prices.

SPAIN

Table of Spanish stock market data, including high, low, and volume.

BRAZIL

Table of Brazilian stock market data, including high, low, and volume.

Population falls

The population of the United Kingdom fell by 17,000 to 55,836,000 in the year coded mid-1978.

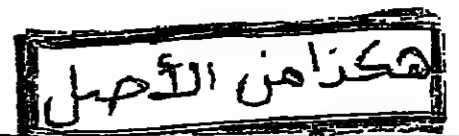
Warrior delayed

RESTORATION WORK on the Warrior, the Navy's first armoured battleship, built in 1860, has been delayed because bad weather prevented the ship being towed from Milford Haven to Hartlepool.

Indices

Japan and Markets

INTERNATIONAL CAPITAL MARKETS



INTERNATIONAL BONDS

BY NICHOLAS COLCHESTER AND FRANCIS GHILES

The need for stronger medicine

STRAW poll of major international investors in the dollar market indicates a dollar proportion to multi-currency funds of just 30 per cent.

Secondary market prices fell by up to two points on the week and some dealers reported that institutions were not interested in swapping bonds.

The second Canadian dollar bond in two weeks is being arranged for Bell Canada through UBS (Securities).

The larger than expected new D-Mark issue calendar decided by the West German Capital Markets Sub-Committee earlier in the week did not depress secondary market prices as the quality of the borrowers during the next four weeks remains very good.

The first French franc foreign bond since June was launched last weekend for Air France through Credit Commercial de France.

On Friday morning the six-month Libor rate rose by 1/8 per cent to 12 1/2 before easing to 12 1/4 by the end of the week.

When this FRN was launched at the end of last month, Credit Suisse First Boston met with a very warm response from investors.

France, decided to advance the closing date for subscriptions to 1984.

The borrower has the option to redeem this bond from 1984 onwards.

The first French franc foreign bond since June was launched last weekend for Air France through Credit Commercial de France.

INTERNATIONAL LOANS

BY JOHN EVANS

The U.S. primes the Libor debate

MAJOR AMERICAN banks are seen to tempt more foreign borrowers into the U.S. as a result of the Fed's monetary policy.

The Libor mechanism, in conventional Euro-loans, the Libor formula is the hedge used for changing the overall interest charge.

One banker explains that by going over to an American-based pricing formula, both the bank and the international borrower are assured of easier access to a supply of funds from

commercial paper and the Federal funds markets. Most of these options typically represent a cheaper source of borrowing for the banks themselves.

The question of compensating balances on U.S. banks' domestic lending, under which a borrower usually re-deposits with the bank a certain proportion of the loan, is not seen as a problem.

With a domestic recession ongoing, senior management in several U.S. banks have in recent weeks instructed their branches to seek more overseas assets.

Over the past decade, the typical Eurodollar Libor has been on average about five basis points higher than prime, although more recently the relationship has reversed as the U.S. has tightened its credit policies.

One implication is that U.S. banks prefer a prime-based formula, in that it can generate extra profit on lending. In fact, banks recognise this point, and invariably concede a lower margin over prime than they would on a Libor basis.

For instance, Manufacturers Hanover is assembling \$300m for the Italian State conversion ENEL at a split-margin over its own prime of 1/8 and 1/2 percentage points. By contrast, ENEL

based pricing formula, both the bank and the international borrower are assured of easier access to a supply of funds from

FT INTERNATIONAL BOND SERVICE

Table with columns: U.S. DOLLAR STRAIGHTS, Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like U.S. Gov. 10 3/8, U.S. Gov. 10 1/2, etc.

Table with columns: YEN STRAIGHTS, Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like Australia 5 1/2, New Zealand 5 1/2, etc.

Table with columns: SONOTRADE INDEX AND YIELD, Medium term, Long term. Lists various bond indices and yields.

Table with columns: UTSCH MARK STRAIGHTS, Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like Austria 7 1/2, Belgium 7 1/2, etc.

Table with columns: OTHER STRAIGHTS, Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like Nordic 1, Br. 5 1/2, etc.

Table with columns: EUROBOON TURNOVER, U.S. 5 bonds, Cedit, Euroclear. Lists various bond turnover and clearing data.

Table with columns: YSB FRANC STRAIGHTS, Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like Belgium 8 1/2, France 8 1/2, etc.

Table with columns: CONVERTIBLE BONDS, Conv. date, Price, Bid, Offer, Change on day, Yield. Lists various convertible bonds like AGA Aktiobolag, etc.

CURRENT INTERNATIONAL BOND ISSUES

Table with columns: Borrowers, Amount, Maturity, Av. life, Coupon, Price, Lead manager, Offer yield. Lists various international bond issues like U.S. Dollars, Swiss Francs, French Francs, etc.

U.S. BONDS BY JOHN WYLES

A tinge of pessimism

INVESTORS in the U.S. bond market appear for the moment to have looked their money away in confusion or wherever else they keep it and to have thrown away the baby.

On the one hand Mr. Volcker's Fed, is being credited, at least by many monetarists, with the painful medicine needed to get a grip on U.S. inflation which is still running at an annual rate of more than 13 per cent.

Prices doubtless will affect prices attached to the smattering of new corporate issues due this week. Of some interest will be the conclusions, if any, to be drawn from the plight of a new \$300m 37-year debenture offering last week from the Northwestern Bell Telephone Company.

SKF Interim statement. SKF Group sales for the first six months of 1979 rose to 5,496 million Swedish kronor (Skr), an increase of 16% over the corresponding 1978 figure. Includes financial data and comparison tables.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Table listing UK trade fairs and exhibitions with columns for Date, Title, and Venue.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table listing overseas trade fairs and exhibitions with columns for Date, Title, and Venue.

BUSINESS AND MANAGEMENT CONFERENCES

Table listing business and management conferences with columns for Date, Title, and Venue.

INSURANCE

Keeping down the cost of fire cover

BY ERIC SHORT

THE COST of insuring buildings and factories against fire continues to rise with inflation and insurance managers and brokers are under pressure to contain this rise.

Companies are seeking to establish themselves in the UK. With such overcapacity, they have to try their way in by underwriting the established companies and by being more acquisitive to the broker's demands.

Besides the company carrying the bottom layer itself, the lower layers are insured through its captive insurance company.

APPOINTMENTS

Vickers picks pressings managing director

Mr. Andrew Ferguson has been appointed managing director of VICKERS pressings division, Newcastle upon Tyne.

Mr. John Wright, who was previously director of marketing for Tucker Fasteners has joined the Board of BIFURCATED ENGINEERING group of companies.

Mr. D. H. Roberts, the director of research of The General Electric Company who is based at the GECC, Harlow, Essex, has been appointed a visiting lecturer to the Department of Electronic and Electrical Engineering of University College London.

Highlands Board set to lose neglected land fight

THE GOVERNMENT is to reject the Highlands and Islands Development Board's request for stronger compulsory purchase powers over unproductive estates.

Air pollution reduced, says report

THERE HAS been considerable progress in reducing environmental air pollution according to the annual report for 1977 of the Airkall and Clean Air Inspectorate.

Mr. Kelvin Ketteringham, formerly general manager at...

Canon Inc. advertisement featuring \$80,000,000 in convertible debentures due December 31, 1994, and a list of financial institutions.

Kennecott advertisement for a quarterly dividend, including a list of shareholders and contact information.

Olivetti International S.A. advertisement for a 15-year loan of US\$76,000,000, including a list of bondholders and redemption details.

Financial Times Tuesday August 28 1979
CURRENCIES, MONEY and GOLD
Gold's new found strength

So many reasons were suggested for the sharp rise in the price of gold last week that one was left with the distinct impression that hardly anyone knew the true reasons behind it. The rise in the value of gold was the performance of the dollar against the pound which has been the most obvious factor in the past few weeks. The price of gold rose in the week ended August 25, not only led speculation that the Federal Reserve may have to take further measures to tighten credit.

but was also cited as a reason for the continued speculative buying of gold. On the other hand the dollar was not too badly hit by the news. This was particularly noticeable on Thursday on the U.S. west coast, where gold rose to a record \$315, slightly higher than the New York close some hours earlier. Fears of renewed instability in the Middle East, and the continued fighting between Kurdish rebels and Iranian Government forces, were also believed to have underpinned the gold price, while unrest in Iran also depressed the Japanese yen on concern about possible disruption to oil supplies.

Expectations of further bad news on the inflation front ahead of Friday's U.S. July consumer price index, may have also encouraged U.S. buying of gold, but the really sharp increase in demand for the metal began much earlier in the week. This was all the more surprising since recent sentiment seemed to point to a temporary peak for the metal at around \$300, while the South African Chamber of Mines had forecast a possible fall in \$250 in the next few months. The real "take off" started when it was realised that Dresdner Bank of West Germany had taken 720,000 ounces of the 730,000 ounces offered on Tuesday's U.S. Treasury auction. This left many disappointed bidders, and unsatisfied demand, which led to the record levels touched in London on Wednesday. On Friday it touched \$315.316 and closed at \$315.313, a rise of \$13 to the week.

OTHER MARKETS
August 24
Gold Bullion (fine ounce)
Close... \$213.313 \$208.101
Open... \$213.313 \$208.101
Morning... \$213.313 \$208.101
Afternoon... \$213.313 \$208.101
Evening... \$213.313 \$208.101

Table with columns: Day's spread, Close, One month, Three months. Rows include various currencies like Sterling, Dollar, etc.

Table with columns: Day's spread, Close, One month, Three months. Rows include various currencies like Sterling, Dollar, etc.

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AUTHORISED UNIT TRUSTS

Table of authorized unit trusts including Mutual Unit Trust Managers, Friends Provident Unit Trust, and various international and domestic funds.

INSURANCE & PROPERTY BONDS

Table of insurance and property bonds including Abbey Life Assurance, Crown Life Assurance, and various international and domestic policies.

OFFSHORE & OSEAS FUNDS

Table of offshore and overseas funds including Alexander Fund, Keyser Ullmann Ltd., and various international and domestic investment vehicles.

OFFSHORE & OSEAS FUNDS

Table of offshore and overseas funds including Keyser Ullmann Ltd., King & Shabson Ingers, and various international and domestic investment vehicles.

NOTES: This section contains important information regarding the unit trusts, including details on how to purchase and redeem units, and the role of the trustees.

NOTES: This section contains important information regarding the insurance and property bonds, including details on policy terms and conditions.

NOTES: This section contains important information regarding the offshore and overseas funds, including details on investment objectives and risks.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, price, and other financial metrics.

INSURANCE—Continued

Table of insurance companies such as London & Lancashire, Norwich Union, and others. Columns include company name, price, and other financial metrics.

PROPERTY—Continued

Table of property-related stocks and trusts, including various real estate investment trusts. Columns include company name, price, and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts such as British American, British Overseas, and others. Columns include company name, price, and other financial metrics.

FINANCE, LAND—Continued

Table of finance and land-related stocks, including various banks and financial institutions. Columns include company name, price, and other financial metrics.

INDUSTRIALS—Continued

Table of industrial stocks (continued), including various manufacturing and service companies. Columns include company name, price, and other financial metrics.

INSURANCE—Continued

Table of insurance companies (continued), including various insurance providers. Columns include company name, price, and other financial metrics.

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NOMURA The Nomura Securities Co., Ltd. London Office: 25 Abchurch Lane, London EC4A 3DF. Tel: 071 566 2411, 566 2412.

MINES—Continued AUSTRALIAN

Table of Australian mining stocks including companies like Anglo American, BHP, and others. Columns include company name, price, and other financial metrics.

TINS

Table of tin stocks including companies like Anglo American, BHP, and others. Columns include company name, price, and other financial metrics.

OVERSEAS TRADERS

Table of overseas trading companies including various international firms. Columns include company name, price, and other financial metrics.

COPPER

Table of copper stocks including companies like Anglo American, BHP, and others. Columns include company name, price, and other financial metrics.

MISCELLANEOUS

Table of miscellaneous stocks including various companies from different sectors. Columns include company name, price, and other financial metrics.

GOLDS EX-\$ PREMIUM

Table of gold stocks including companies like Anglo American, BHP, and others. Columns include company name, price, and other financial metrics.

NOTES

Notes section providing additional information and commentary on the market, including details on share prices and company performance.

TEAS India and Bangladesh

Table of tea stocks including companies like Anglo American, BHP, and others. Columns include company name, price, and other financial metrics.

Sri Lanka

Table of Sri Lankan stocks including various companies from the island. Columns include company name, price, and other financial metrics.

AFRICA

Table of African stocks including companies from various African countries. Columns include company name, price, and other financial metrics.

MINES CENTRAL RAND

Table of Central Rand mining stocks including companies like Anglo American, BHP, and others. Columns include company name, price, and other financial metrics.

EASTERN RAND

Table of Eastern Rand mining stocks including companies like Anglo American, BHP, and others. Columns include company name, price, and other financial metrics.

FAR WEST RAND

Table of Far West Rand mining stocks including companies like Anglo American, BHP, and others. Columns include company name, price, and other financial metrics.

O.F.S.

Table of O.F.S. stocks including various companies from the region. Columns include company name, price, and other financial metrics.

FINANCE

Table of finance stocks including various banks and financial institutions. Columns include company name, price, and other financial metrics.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo American, BHP, and others. Columns include company name, price, and other financial metrics.

CENTRAL AFRICAN

Table of Central African stocks including companies from various African countries. Columns include company name, price, and other financial metrics.

OPTIONS 3-month Call Rates

Table of options and call rates including various financial instruments. Columns include company name, price, and other financial metrics.

REGIONAL MARKETS

Table of regional markets including various international stock exchanges. Columns include company name, price, and other financial metrics.

FINANCE

Table of finance stocks (continued), including various banks and financial institutions. Columns include company name, price, and other financial metrics.

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Lloyd's groups claim in lease row

BY JOHN MOORE

FIFTY-FIVE Lloyd's of London underwriting syndicates are claiming \$10m from Federal Leasing of the U.S., a computer leasing concern that is suing the underwriters for \$628m over disputed computer leasing insurance.

Federal Leasing's action is the largest in which the Lloyd's insurance market has become involved. It is the first of many that are expected to be brought against Lloyd's on computer leasing insurance.

Computer leasing insurance business is likely to produce the largest loss that the Lloyd's insurance market has experienced. Between 12,000 and 14,000 claims are being processed by the market on this type of business.

In a 78-page answer to Federal Leasing's original 168-page complaint, made in June, Lloyd's underwriters have filed 21 defences.

In a \$10m counterclaim, Lloyd's underwriters say that Federal Leasing "misrepresented or omitted to advise underwriters of certain material facts in connection with the particular risks involved."

They argue that certain provisional payments made to Federal by underwriters exceeded the amounts that underwriters should have paid.

Federal is claiming \$28m from Lloyd's and several London insurance companies in unpaid insurance claims. The remainder of its \$628m action is a claim for damages.

Notice
One of the underwriters' defences is that they allege that Federal failed to follow the "due diligence" clause of the insurance contract. That required that any holder of an insurance policy should conduct insured aspects of his business with the same skill, care and attention with which he would have conducted that business if he did not have insurance.

Another defence advanced by the underwriters is that Federal breached its duty in, they allege, not providing the underwriters with adequate notice, information and documentation of reported claims to allow the underwriters to form a view as to whether the claims should be paid.

Computer leasing insurance was arranged by leasing companies to insure against their customers' terminating leases before the contract date. If they did, the company could claim on its insurances and cover its obligations to its financial backers.

When new IBM models came on to the market rapidly last year, leasing companies found that their customers traded in existing models earlier than the contract date. So they claimed on their insurances.

Like many leasing companies, federal used its Lloyd's computer policy as collateral for Chicago, Bank of Lincolnwood of Chicago, a bank that loaned to Federal, is suing Federal for \$476,621 and Lloyd's underwriters for \$10m punitive damages.

West German trade surplus falls sharply

BY JONATHAN CARR IN BONN

THE WEST GERMAN trade surplus fell sharply in July to one of its lowest monthly levels for years and the current account was again in deficit. The Federal Statistical Office said yesterday that the trade surplus totalled DM800m (£147m)—compared with DM 1.7bn both in June this year and in July last year. The trade surplus for the first seven months totalled DM 15.5bn compared with more than DM 21bn in the same period of 1978.

After allowing for deductions for services and transfer payments, the current account deficit in July totalled DM 2bn, compared with DM 3.2bn in June and DM 2bn in July last year.

The outlook is now for a notably smaller trade surplus for this year than 1978's DM 41.2bn—and there could even be a small current account deficit. A marked current account deficit has already been forecast for 1980 by the Economic Research Institute of Munich.

One reason is that with the West German economy performing more strongly than those of several major trading partners, import growth has been stronger than export growth. Import prices have also been rising more strongly than export prices—with the Deutsche-mark actually devaluing slightly against the Dollar since the start of this year. This helps keep export prices competitive, but adds to Germany's import bill—especially of oil and raw materials.

Despite some increased pressure from imports—and a rising inflation rate at home—the latest survey of business opinion by the Economic Research Unit released today, shows German industrialists are far from despondent. On the contrary, the survey for July shows not only that the industrialists felt business had improved compared with June—but that they are more optimistic about the coming six months.

Once seasonal adjustment has been made, it is clear that demand to industry in July generally increased against June and that the buoyancy trend is expected to continue, not least for deliveries abroad. This relative optimism contrasts oddly with the official concern being expressed about inflation and future economic prospects. The main fear has been that another marked rise in prices could bring a particularly tough wage bargaining round this winter.

The political opposition has been demanding tax cuts next year (general election year). The Government has said such cuts will be necessary in 1981—but not before. However, in an interview at the weekend Chancellor Helmut Schmidt no longer firmly ruled out tax reductions next year.

Towards wider use of a full international asset, the SDR, rather than allowing us to fall by default into an unregulated multiple currency system. Treasury officials in Washington yesterday reinforced the clear thrust of Mr. Solomon's speech that the U.S. now regards the substitution account plan, which would increase use of the SDR and thereby reduce the role of the dollar in world liquidity, as "positive and desirable."

Mr. Solomon veiled his reference to this potential benefit of a substitution account, saying it would provide an internationally sanctioned, non-disruptive means for countries to achieve a more diversified and stable reserve position. In other words, it could prevent random and large-scale dumping of dollars by other countries.

The IMF board embarked on its substitution account study at the request of the IMF interim committee meeting in March, chaired by Mr. Denis Healey, the former British Chancellor. The view of some high IMF officials is that such a substitution scheme could be in effect by mid-1980. Mr. Solomon warned yesterday, however, that many practical details remained to be ironed out.

Officials in Washington said no decision had yet been taken on how big the IMF account should be—the U.S. believes it must be more than \$1bn to be worth undertaking—or how many countries might participate.

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Qualified U.S. support for IMF substitution account plan

BY DAVID BUCHAN IN WASHINGTON

THE U.S. has publicly given qualified support to a plan that would increase the role of the International Monetary Fund's special drawing rights (SDRs)—and reduce that of the dollar—in world currency reserves. U.S. backing for the idea of a substitution account at the IMF, into which dollars and possibly other national currencies would be deposited in exchange for assets denominated in SDRs, comes only a month before the IMF is due to present its progress report on the plan to its annual meeting in Belgrade.

Mr. Anthony Solomon, U.S. Treasury Under-Secretary for Monetary Affairs, told a symposium in Austria yesterday that the substitution account would be "a concrete move towards wider use of a full international asset, the SDR, rather than allowing us to fall by default into an unregulated multiple currency system."

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Revenue disturbed by loans subsidy

BY DAVID FREUD

THE INLAND Revenue has pressed City banks for rapid consultation over what it considers to be abuses of the UK provisions for tax relief on foreign loans.

In a confidential paper being considered by bankers, the Revenue claims that some banks—both domestic and foreign—have been leading abroad at negative interest rates, subsidised by the British taxpayer.

The Revenue has asked for a meeting with bankers next month. It is likely to prefer a solution reached by self-regulation rather than legislation.

The relief provisions are contained in UK legislation and double tax agreements with many developing countries. They were originally designed to promote investment in poorer countries.

The Revenue's concern follows a surge in their use by banks over the last two years. Recent evidence that foreign-based banks are channeling funds through London simply to take advantage of UK tax credit is even more disturbing.

UK-based banks are taxed in the UK on the profit margin, or turn, they make on a loan. The turn is only a small percentage of gross interest receipts. Foreign countries impose withholding tax—which can be offset against UK tax—on the gross figure.

The subsequent relief often dwarfs any tax payable in the UK on the profit from the loan. The rules allow a bank to realise a net profit on foreign loans which involve a loss to the balance of payments and a loss to the UK Exchequer.

The fiscal loss occurs whenever the 52 per cent—the UK corporation tax rate—of the bank's turn is less than the foreign withholding tax ranking for credit.

The UK-subsidised loans are not necessarily connected with UK exports. For example, National Westminster Bank is thought to have lent \$100m to Singapore Airlines last year to buy Boeing aircraft from the U.S. The lending rate was below London interbank levels.

The Revenue paper says there have been substantial increases in foreign lending to countries in two categories. The first is those, particularly in South America, charging high rates of withholding tax.

The second is those whose tax incentives are recognised by the UK under double tax agreements. In these cases, tax relief in developing countries is considered by the UK Revenue as paid.

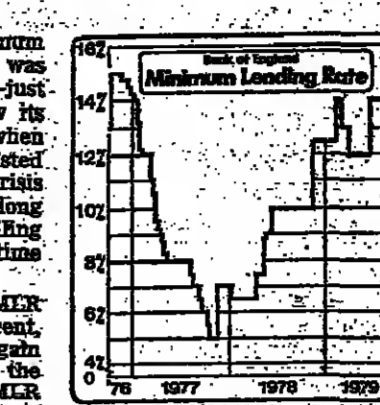
The paper says: "This increased business has included arrangements under which there is no or a negative interest margin on the loan and the entire profit to the lender derives from double tax relief allowed to the UK."

The paper casts doubt on the genuineness of the withholding taxes imposed in South American countries. It singles out Brazil, where the withholding tax—on which the UK Revenue provides relief—is sometimes partially refunded by the Brazilian authorities to the lender.

Another country mentioned is Pakistan, where "substantial" abuses of the double tax agreement have emerged because the domestic rates of corporation tax, at between 50 and 60 per cent, qualify for a matching credit at private level of the entire.

At present UK branches of foreign banks only obtain relief on foreign withholding taxes by way of an extra-statutory concession.

Why interest rates stay high



It is 11 weeks since Minimum Lending Rate (MLR) was jacked up to 14 per cent—just one percentage point below its all-time high. Previously, when the authorities have hoisted MLR to similar sorts of crisis levels, it has not been long before rates have been falling down again. But not this time round.

Back in February when MLR was last raised to 14 per cent, it was on the way down again three weeks later. Even in the dark days of 1978 when MLR was up at 15 per cent, it was only kept there for six weeks. This time there is much more uncertainty about both the timing and the speed of the fall in interest rates.

The building societies also expect rates to fall and so have deferred any increase in their mortgage rate till the New Year. In addition, the authorities have tied up a very substantial part of their funding needs since they pushed interest rates higher (they have sold close to £600 gross of gilts in the first half of the financial year). Meanwhile, the economy is moving into a recession. So what is stopping interest rates falling?

Given the heavy gilt sales, the strength of sterling and the recessionary trends now developing in the economy, the authorities could easily find a plausible excuse to bring down interest rates. But the problem is that MLR was raised to 14 per cent primarily to curb the buoyant growth in bank lending, and it will be some time before it can be seen whether or not this has been achieved.

The July money supply figures, published ten days ago, hinted that loan demand was starting to tail off—but the authorities will need at least another two sets of monthly figures before they can be certain that their policy is working. This suggests that they will not be in a position to adjust interest rates until mid-October at the earliest.

However, time is running out for the building societies. If Argus Corporation or one of its affiliates are going to be persuaded to hold down their mortgage rates the societies will want to see MLR down to 12 per cent, at least, by the end of October at the latest.

This does not leave much room for manoeuvre between the pressure from the building societies and the Government's original policy of squeezing out bank lending by means of high interest rates. The trouble is that it has never been proved conclusively that high interest rates do stop people borrowing—witness the buoyancy of the second mortgage business.

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Courtelle relaunch planned

BY RHYS DAVID, TEXTILES CORRESPONDENT

COURTAULDS, THE textile group, is planning a major relaunch of its Courtelle acrylic fibre this autumn in a bid to increase sales to the carpet, garment and knitwear industry.

The move, one of several promotions now planned by the fibre producers who are trying to reassert brand images, will involve close collaboration with spinners and manufacturers in the development of products. This will be backed by the use of new point of sale material to promote products approved to use the Courtelle name.

Promotion of man-made fibres has been heavily cut over recent years with total advertising spending by the big groups in Europe estimated to be down from \$120m in 1973 to around \$12m in 1978, as a result of the industry's very severe losses.

With the pressure from imports of yarns, fabrics and garments remaining intense, some fibre producers have begun to re-examine their marketing strategy. They want to stimulate increased off-take.

The policy now adopted by Courtaulds of working with customers at all levels in the textile pipeline, from spinner through to retailer, in the development of sophisticated new products is the one that is now finding favour. Du Pont, like Courtaulds,

is planning a major promotion this autumn together with its textile customers and this will concentrate on leisure products. In Courtaulds' case the new links now being forged with textile industry customers are a reflection of the group's move away from its former policy of vertical integration, developed strongly under the former chairman Lord Kearton in the late 1960s and early 1970s.

The group, under the chairmanship of Sir Arthur Knight, is now run more as a series of businesses expected to compete in the market against all comers. In the case of acrylics one of the main in-house units for processing Courtelle fibre into yarn—Spennymoor in Co. Durham—was closed earlier this year after making heavy losses. This brought internal group usage of the fibre down to probably less than 20 per cent.

Courtaulds has been able to compensate for reduced sales to group outlets with a large increase in exports. These have helped to keep the Courtelle division in profit during most of the present recession.

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The group is hoping to establish a new image for Courtelle by linking it specifically with young fashion.

Though the company has a technical lead over most other producers through its still heavily guarded Neochrome process for producing ready-dyed fibre, much of its business is in deep-sea markets which could be vulnerable to continued high rates of sterling. Courtaulds will be unveiling its strategy for Courtelle in carpets at the industry's annual exhibition in Harrogate early next month. It has already begun a series of presentations to that trade.

The new promotion will concentrate on blends of acrylic and other fibre specially developed to meet particular end uses. Carpets meeting certain performance requirements will qualify for special seals of approval indicating whether they are for luxury, hardwearing or economy use and will benefit from extensive linked advertising.

As well as boosting sales of carpet fibre the promotion will help carpet manufacturers to escape the cut-throat competition which has characterised the sector for some time. Courtaulds says. Mr. Geoffrey Bray, chairman of Courtaulds' Courtelle division, points out the result has been to depress levels of investment and to leave the industry vulnerable to overseas competition.

Weather table with columns for UK TODAY, Y'day, and Y'day midday. Lists cities like Alicante, Algiers, Athens, etc. with weather conditions and temperatures.

Vertical text on the right edge of the page, including 'Talk Ugar', 'Massey-Ferguson', and 'RNLI'.